

FL(11)4716:1

Mr Sándor Fazekas
President of the Agriculture
Council
175, rue de la Loi
1048 Bruxelles

Brussels, 7th June 2011

Re: disastrous consequences for producers and cooperatives from the fruit and vegetable sector following the E.Coli contamination of the food chain

Dear President,

The E.Coli food chain contamination has had tragic consequences for the German population and has also been disastrous for all producers and producer organisations working in the EU fruit and vegetable sector. Therefore, Copa-Cogeca wishes to inform you of its initial comments.

Copa-Cogeca believes that fruit and vegetable producers and cooperatives are experiencing unprecedented economic losses running into several million euro per day. Supply of seasonal fruit and vegetables has reached full potential and consumer demand has fallen to almost nothing, not only for cucumbers, but for all vegetables. Trade in vegetables is completely paralysed in certain production regions of the EU, such as Spain. In some areas, 80% of vegetable production is simply being destroyed as there is no outlet for it on the market. In Germany, 100% of cucumbers produced were destroyed last week. The market situation is also deteriorating in the fruit sector. Major retailers are attempting to obtain supplies of fruit from outside the EU and Russia has now banned all fruit imports.

The prices which producers are receiving for their fruit and vegetables are extremely low across the entire sector, well below production costs. For example, on representative EU markets, comparing prices received last week with average prices for the past five years shows the extent of the income loss being experienced. Cucumber prices have fallen to 5 euro cents/unit as compared to 21 euro cents/unit, tomato prices are at 13 euro cents/kg as compared to 60 euro cents/kg, lettuce prices are 5 euro cents as compared to 70 euro cents and green and red pepper prices are at 0.50 euro/kg as compared to 1.20 euro/kg. Stone fruit prices have also fallen to 30 euro cents/kg.

Copa-Cogeca believes that the prevention and crisis management measures which are applicable for fruit and vegetable producer organisation under the specific legislation for fruit and vegetables provided for in Regulation (EC) n°1234/2007 are broadly-speaking insufficient for enabling producers and their economic organisations to deal with such a dramatic fall in both demand and prices.

Therefore, in order to enable producers and agricultural cooperatives to tackle such a serious crisis, Copa-Cogeca requests that the European Commission rapidly puts forward proposals aiming to create emergency measures. These measures should be 100% financed by the EU budget. Copa-Cogeca is, for example, asking for the following measures:

- recovery of damages for withdrawals for all producers in the European Union. Recovery of damages for withdrawals should cover income obtained from the market under normal conditions as well as the entire volume withdrawn.
- recovery of damages for producers who stop production for a limited period of time. This measure would be temporary for managing supply, enabling new price levels to be established on European markets.
- a marketing campaign (EU and third countries) for the consumption of fruit and vegetables labelled as being of European origin. A precedent was set for the promotion of European origin labelling during the dioxin crisis which affected the poultrymeat sector. This measure would aim to rebuild European consumer confidence as well as the confidence of third country consumers.

Moreover, Copa-Cogeca requests that the European Commission uses all possible means to lift the trade restrictions imposed on fruit and vegetables produced in the EU by third countries.

The European Union's fruit and vegetable sector provides a great many jobs in rural areas of the EU, including a large amount of seasonal work. The EU should make a decision immediately and should implement emergency measures at ground level. If such steps are not taken, a social crisis stemming from the loss of numerous jobs will add to the existing economic crisis which producers and cooperatives from the fruit and vegetable sector are facing.

This letter has been sent to Commissioners Dacian Ciolos, John Dalli and Karel De Gucht.

Yours faithfully,



Gerd Sonnleitner
Copa President



Paolo Bruni
Cogeca President

Copies:

Hungarian Presidency of the EU: Lazlo Vajda, Andras Czeti

The EU Council: Angel Boixareu, Lieve De Nil

Annex

Estimation of economic losses at production level following the E.Coli food chain contamination. This is an initial estimate provided by the Copa-Cogeca member organisations in millions of euro per week and is dated 6th June 2011. The losses (unsold products) continue to increase day by day.

| Country | Millions of euro per week |
|-----------------|----------------------------------|
| Germany | 30 |
| Belgium | 6 |
| Denmark | 0.75 |
| Spain | 200 |
| France | 30 |
| Lithuania | 0.15 |
| The Netherlands | 50 |
| Italy | 100 |