

 <p>Supply chains</p>	<h2>AKIS-in-Practice! 10.3</h2>	
<h3>Knowledge sharing and monitoring (un)fair food supply chain relationships. The case of the Ombudsman in Slovenia</h3>		

<h4>Keywords/Tags</h4> <ul style="list-style-type: none">  Supply chain  AKIS  Quality  Farmers positioning 	<h4>Potential users</h4> <ul style="list-style-type: none">  Managing authorities of the CAP strategic Plans  Farmers and other operators along the supply chains  Advisors and innovation support services providers  Consumers
--	---

RATIONALE

The CAP 2023-2027 aims to improve farmers' position in the value chain as part of its broader goals of promoting a smart, resilient, and diversified agricultural sector. Despite the EU agri-food sector's competitive edge in global markets and its leadership in variety and quality, farmers are less experiencing growth in their share of added value within the supply chain.

Among the others the farmers are struggled by limited market power very often due to asymmetric price transmission and unfair trading practices throughout the supply chain.

To address these issues, the CAP programmes traditionally endorse strategies enhancing value chain synergies, improving trading relationships, increasing transparency in market information, and promoting futures markets for commodities.

Ultimately, the Directive (EU) 2019/633 aiming at establishing fair trading practices in the agricultural and food supply chain, through strengthening the position of farmers in the supply chain and enabling them to negotiate fairer terms and receive more equitable compensation for their products. Particularly, the Directive focuses on preventing unfair trading practices (UTPs) that disproportionately affect small and medium-sized enterprises (SMEs), particularly farmers, by requiring Member States to establish national authorities responsible for monitoring compliance with the rules and handling complaints related to UTPs. Additionally, the Directive promotes cooperation among farmers and other supply chain actors, aiming to enhance their bargaining power and overall market positioning.

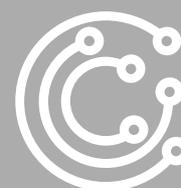
In response to the Directive, the Republic of Slovenia has appointed the Competition Protection Agency as the enforcement authority. This agency is responsible for implementing measures to protect the identities of complainants, members, and suppliers, as well as safeguarding any sensitive information that could harm their interests if disclosed.

With specific reference to the Republic of Slovenia, the CAP SP foresees interventions for cooperation and knowledge transfer within cooperatives, producer groups, and inter-branch organizations. These interventions are primarily aimed at modernizing or constructing new facilities for preparing agricultural products for the market and distribution, which will help achieve the goals of better organization and operation of supply chains in the Republic of Slovenia. In particular, the focus is on enhancing the competitiveness and market orientation of primary producers as the first link in this chain, as well as increasing organized buying and selling. This approach brings numerous advantages to all actors in these chains, especially regarding the distribution of production and market-price risks, the creation of economies of scale, and the provision of a sufficient, varied, and off-season supply of products for the market.

SOLUTION



In the Republic of Slovenia, the Ministry of Agriculture, Forestry and Food has established the office of the Food Supply Chain Relationships Ombudsman to promote fair relationships among stakeholders in the food value chain. This entity encourages the development of equitable relationships in their business activities, facilitates knowledge transfer, shares best practices, and engages in discussions with value chain stakeholders. It focuses on ensuring economic stability and development in line with fair profit margin principles. Additionally, it advocates for compliance with national legislation (Slovenian Agriculture Act), which includes a ban on mandatory rebates in supplier invoices and adherence to payment deadlines. The expectations include lower retail food prices for end users and fair prices for food producers and processors.





The Food Supply Chain Relationships Ombudsman monitors actions by stakeholders in the food supply chain, publishes examples of good business practice on its website, and informs the public thereof in accordance with the regulations governing the protection of personal data and the protection of business secrets. Moreover, it notifies the Slovenian Competition Protection Agency of any illicit practices in the food supply chain.

In particular, the tasks of the Ombudsman include:

- Raising awareness among food purchasers in the value chain regarding the legislative provisions and ethical principles that apply to the purchase of food.
- Raising awareness among producers and processors as intermediaries in the food chain about the legislative frameworks governing the sale and purchase of food, as well as the rights of food sellers in the value chain.
- Establishing a mechanism for identifying and addressing the late payment culture.
- Establishing a mechanism for monitoring market activities, particularly contracts and unfair practices within the food value chain.
- Promoting examples of good practice in the food value chain.
- Drawing the attention of relevant institutions to irregularities.

Among the others, the activities are organized as it follows:

- A table of discussion on the topic "Fair Relationships in the Food Supply Chain."
- Meetings with the largest food purchasers on the topic "How to Prevent Inappropriate Actions by Stakeholders in the Food Value Chain."
- Meetings with the largest food producers and processors on the topic "My Statutory Rights in Contractual Relations with Trading Partners."
- A presentation of the Ombudsman's work at one or more trade fairs.
- Consultation with agrarian economists and further exploration of the topic "Developing Fair Relations in the Food Value Chain."
- Individual meetings with stakeholders regarding identified contractual irregularities and non-compliance with legislation.

Main target groups of the Ombudsman include stakeholders from production, processing, distribution, and wholesale and retail sale to final consumers.

These stakeholders interact with the in various ways that include direct meetings, e-mails and anonymously posts by the internet website.



PRACTICAL IMPLICATIONS FOR REPLICABILITY



- Establishing/Adopting standards and criteria for identifying bad and good practices along with possible penalties for illicit practices.
- Setting up a team at government level with dedicated human and financial resources.
- Conduct information and sensibilization campaign(s) at the benefit of all the stakeholders of the value chains, including consumers.
- Conduct information and extension/advisory campaign(s) on good practices.
- Conduct training of trainers/advisors to increase capacities for supporting farmers and the other actors complying with rules all along the supply chains.
- Collect good and bad practices for knowledge sharing.

BENEFITS



- Monitoring and control over good and illicit practices.
- More generalized awareness and sensitivity about unfair trading practices and, possibly, effects on farmers and less empowered stages of the value chains.
- Increased trustiness by the farmers in joining cooperative initiatives along the supply chains.
- Fair practices and better positioning of the farmers along the supply chains.



FURTHER SOURCES OF INFORMATION



- Website of the Ombudsman.



Slovenia



**Slovenian Ministry of Agriculture,
Forestry and Food:**

Igor Hrovatič
igor.hrovatic@gov.si

