



Recommendation 690 (1973)¹

Contract farming and vertical integration in European agriculture

Parliamentary Assembly

The Assembly,

1. Having read the report of its Committee on Agriculture on contract farming and vertical integration in European agriculture ([Doc. 3234](#)) ;
2. Noting that contract farming is increasing in certain agricultural production sectors in Europe and that it is expanding frequently to the detriment of the farmer who is not in a position to negotiate a contract on a basis of equality ;
3. Noting that the farmer, frequently dominated by the industrial and commercial firms with which he does business, receives hardly any share of the value added to his product by the increasingly numerous processes which lengthen the circuit and make the product dearer before it reaches the consumer ;
4. Believing that some of the contractual relationships existing at present in European agriculture may prove dangerous for the function and welfare of the farmer, and that these risks should be removed before the trend becomes irreversible ;
5. Noting that in most European countries the cooperative movement has been found inadequate to counteract the dangers and disadvantages of contract farming,
6. Recommends that the Committee of Ministers invite the governments of member States :
 - a. to follow the development of contract farming closely so as to reveal the dangers it may entail for European farmers ;
 - b. to draw up an inventory of specific individual contracts so far concluded by the farmers in their respective countries ;
 - c. to take all steps to strengthen the bargaining power of farmers, and in particular :

to prepare, or have prepared by professional organisations, model contracts for the principal agricultural products affected by contract farming, to be substituted for, or to provide guidelines for individually negotiated contracts ;

to study the desirability of creating a standing intertrade committee, on which consumers are also represented, instructed to inform producers and cooperatives on the development of agricultural markets, to coordinate their activities and to prepare collective agreements between farmers and industrial or commercial firms ;

to organise information campaigns on the advantages and disadvantages of contract farming, so that every farmer may, before signing a contract, consult a specialised service set up for the purpose in the region concerned ;

1. Assembly debate on 22 January 1973 (19th Sitting) (see [Doc. 3234](#), report of the Committee on Agriculture). Text adopted by the Assembly on 22 January 1973 (19th Sitting).



Recommendation 690 (1973)

until such time as model contracts have been instituted, to make provision for the official approval of individual contracts by the administration or by other appropriate bodies such as chambers of agriculture, so as to avoid abuse when contracts are concluded ;