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Agricultural Policy Dialogue

Commentary on the draft law

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Commentary on the draft law on producers' organisations

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The project “German-Ukrainian Agricultural Policy Dialogue (APD)” has been implemented with the support of the Federal Ministry of Food and Agriculture (BMEL) since 2006 and is currently being implemented until 2024 at its request through the executor of GFA Consulting Group LLC, as well as a consortium consisting of IAK Agrar Consulting, Leibniz Institute for Agricultural Development in Transition Economies and AFC Agriculture and Finance Consultants GmbH. The recipient of the project is the National Association of Agricultural Advisory Services of Ukraine “Dorada”. The beneficiary of the project is the Ministry of Agrarian Policy and Food of Ukraine. The project should support Ukraine in the areas of sustainable agriculture, efficient processing industry and international competitiveness in accordance with the principles of market and regulatory policies taking into account the development potential that arises under the Association Agreement between the EU and Ukraine. To meet this goal, the Project should provide information on German experience, in particular, East German, as well as international European experience in development of agrarian and forestry policy framework, as well as on the organization of relevant agrarian and political institutions.

The APD consists of two thematic pillars, one of them – the land component – is managed by BVVG German AgriForest Privatization Agency, a state-owned enterprise that is responsible for the administration of state-owned agricultural and forestry land in (Eastern) Germany. Under the land component, the project offers an exchange of experience and know-how between Ukrainian and German land management experts from BVVG and additional German land management institutions. The land component focusses on political, legal and technical issues related to land management and accompanies the current discussions in Ukraine concerning land market development.



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I. Brief reference to the provisions of the individual articles, pointing out significant differences compared to the requirements of the European Union and outlining the associated risks

Article 1. Definitions of terms

Paragraph 3. In the legislation of the European Union, in Article 157, paragraph 1, letter a), it is indicated that Interbranch organisations are constituted of representatives of economic activities linked to the production and to at least one of the following stages of the supply chain: the processing of or trade in, including distribution of, products in one or more sectors. The provisions of letter b) indicate that Interbranch organisations are formed on the initiative of all or some of the organisations or associations which constitute them.

The provisions proposed in the draft law indicate that Intersectoral organization can be formed by producers' organizations and strongly limits the group representatives of economic activities linked to the production of agricultural products. The proposal does not include at least one of the following stages of the supply chain: the processing of or trade in, including distribution of, products in one or more sectors. It is recommended to enable the creation of an intersectoral organization by all organizations with a legal statute existing in Ukraine representatives of economic activities linked to the production and to at least one of the following stages of the supply chain: the processing of or trade in, including distribution. Limiting the representativeness of representatives of particular stages of the supply chain will make it difficult to properly define and achieve goals.

Paragraph 9. The definition of agricultural producer should be developed using the following definitions: "farmer" and , "holding" specified in Art. 3 Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 and the definition of the production of agricultural products set out in Article 4, paragraph 2, (a).

The adopted definition of an agricultural producer should include virtually all natural or legal persons, or groups of natural or legal persons, regardless of the legal status of such a group and its members under Ukrainian law, whose farm is located in Ukraine and who conducts agricultural activity understood as breeding or cultivation of agricultural products, including harvesting, milking, rearing animals and keeping animals for farming purposes, and maintaining land in good agricultural and environmental condition.

The definition should indicate markets and products on these markets whose producers can form producer organisations. The provisions of Regulation 1308/2013 limit the list of markets and products due to which they may arise associationc of agricultural commodity producers.

The definition of agricultural producer should not include entities processing agricultural products. Entities involved in the processing of agricultural products in accordance with the provisions on the common organization of agricultural markets are not included in the group of agricultural producers.

Article 2.

No comments.

Article 3.

The creation and operation of agricultural producer associations is not regulated by the provisions of Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products and repealing Council. For this reason, the area of their activity, goals and activities carried out by them should not enter the areas regulated by Regulation 1308/2013. Therefore, the existing provisions in the draft Article 3 should be adapted accordingly. It is recommended that the activities of agricultural producer associations include representing the collective interests of their members towards public authorities and other organizations and institutions, as well as, inter alia, conducting training and publishing advisory activities for agricultural producers.

Article 4.

As mentioned in the comments to Article 3, the area of activity, objectives and activities carried out by agricultural producer associations should not enter the areas regulated by Regulation 1308/2013. Some of the objectives set out in Article 4 fall within the scope provided for the direct activities of producer organizations and interbranch organizations (paragraph 2, points 1, 2, 4, 6). For this reason, it is recommended that the areas of action and objectives be adjusted accordingly.

Article 5.

No comments.

Article 6.

The provisions of paragraph 6 provide that state authorities may delegate to representative associations of agricultural producers certain powers of the central executive authorities to regulate the economic activity of agricultural producers, related to the regulation of agricultural activity, in which the relevant agricultural producer association obtains the status of a representative. It should be noted that the implementation of market management instruments is associated with great responsibility related to the need to have substantive knowledge, necessary human and material resources. For this reason, the draft regulations should indicate the conditions that the authority should follow when granting the authorisation.

Article 7.

Paragraph 2.

Point 2. After the introduction of the definition of agricultural producer referred to in the note to Article 1(9), provisions could be introduced enabling membership in producer organizations, eg processors, storage entities. Those provisions should also indicate the maximum percentage of votes held by members, shareholders or shareholders who are producers at general meeting of members of the producer organization and the maximum percentage of shares that these who are not agricultural producers may hold in that organization.

Point 3. The proposed provisions indicate that the producer organization will be entitled to regulate the agricultural activities of its members. The provisions of Regulation 2013/1308, Article 152, paragraph 1, letter b), limit the type of activities that a producer organization can carry out to one or more activities such as:

- joint processing;
- joint distribution, including by joint selling platforms or joint transportation;
- joint packaging, labelling or promotion;
- joint organising of quality control;
- joint use of equipment or storage facilities;
- joint management of waste directly related to the production;
- joint procurement of inputs;
- any other joint service activities pursuing one of the objectives listed in point (c) of this paragraph.

EU legislation also defines a limited list of objectives that a PO can pursue, namely:

- ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity;
- concentration of supply and the placing on the market of the products produced by its members, including through direct marketing;
- optimising production costs and returns on investments in response to environmental and animal welfare standards, and stabilising producer prices;
- carrying out research and developing initiatives on sustainable production methods, innovative practices, economic competitiveness and market developments;
- promoting, and providing technical assistance for, the use of environmentally sound cultivation practices and production techniques, and sound animal welfare practices and techniques;
- promoting, and providing technical assistance for, the use of production standards, improving product quality and developing products with a protected designation of origin, with a protected geographical indication or covered by a national quality label;

- the management and valorisation of by-products, of residual flows and of waste, in particular to protect the quality of water, soil and landscape, preserving or encouraging biodiversity, and boosting circularity;
- contributing to a sustainable use of natural resources and to climate change mitigation;
- developing initiatives in the area of promotion and marketing;
- managing mutual funds;
- providing the necessary technical assistance for the use of the futures markets and of insurance schemes

By way of derogation from Article 101(1) TFEU, with the application of the restrictions provided for by law, a producer organisation recognised under paragraph 1 of this Article may plan production, optimise the production costs, place on the market and negotiate contracts for the supply of agricultural products, on behalf of its members for all or part of their total production.

Taking the above into account, it should be stated that the legislation of the European Union narrows down the area of activity of producer organizations and the objectives pursued by them. It also gives producer organizations the possibility to choose a specific field of activity and objectives from a list provided for by the regulations. This approach is proposed to be applied in the draft act.

Point 4. The provisions proposed in this point enumerate the areas of agricultural activity in relation to which an organization of producers, in accordance with its constituent documents, has the right to accept through the relevant governing authorities joint decisions of its members. Taking into account the wording of the existing point 3, these decisions will concern the holdings of members of producer organisations. The use of such an approach determines how decisions are made within the organization and the scope of the right granted to the producer organization to interfere in the activities of its members. European Union legislation leaves more freedom to the members of producer organizations in shaping the decision-making process and the scope of the organization's influence on its members. To a greater extent, it takes care to secure the supervision of members of the organization over its functioning, including democratic control of their organization and its decisions, as well as financial statements and budgets. Considering the above, it seems appropriate that the matters contained in point 4 should be resolved at the level of the statutes of the organization by its members.

Point 5. The proposed minimum requirements for recognizing producer organizations go beyond the provisions of Article 154(1)(b) of Regulation 1308/2013. The provisions of the European Union indicate that entities wishing to be recognized as a producer organization have a minimum number of members or produce a minimum amount or value determined by a given Member State - of marketable production in the sector in which they operate. Those rules should not prevent the recognition of producer organizations that engage in small-scale production.

Point 10. The requirements for the statutes of producer organizations do not cover all the requirements set out in the European Union legislation Regulation 2013/1308, Article 153. Among other things, there are no provisions on:

- the application of the rules adopted by the producer organization on production reporting, production, marketing and environmental protection and the procedure for defining, adopting and amending the rules,
- provisions allowing member producers to democratically scrutinize their organization and its decisions, as well as financial statements and budgets;
- principles of accounting and budget development necessary for the functioning of the organization,
- the statutes of the producer organization may provide for the possibility of direct contact between producer members and buyers, provided that such direct contact does not jeopardize the concentration of supply or the marketing of the producer organisation. The concentration of supply is considered to be ensured when the essential elements of the sale, such as price, quality and volume, are negotiated and fixed by the PO in question.

The statutes of producer organizations are a very important document that defines the essential requirements and rules for the functioning of producer organizations. The lack of provisions ensuring democratic control of their organization and its decisions, as well as financial statements and budgets for member producers is a serious threat to the transparency of the functioning of producer organisations. There is a high risk that the organization will be dominated by one or several members, which will undermine the process of democratic management of the organization.

The provision in letter a) differs significantly from the provision in article 153, paragraph 1, letter a) as to the scope of the requirements and unnecessarily prejudices who in the organization makes decisions on the matters indicated therein. It is recommended that the statute of the organization indicated in the draft act should be limited to all the requirements set out in Article 153 of Regulation 1308/2013.

Point 11. The provisions of point 11 require that such an organization does not independently participate in the production, processing or sale of agricultural products, regulation of agricultural activity in relation to which is carried out by such an organization. It should be noted that the provisions of article 154, paragraph 1, letter c) indicate that for an organization to be recognized it must, inter alia, provide sufficient evidence that it can carry out its activities properly, both over time and in terms of effectiveness, provision of human, material and technical support to its members, and as appropriate concentration of supply. Considering the above, it should be stated that the provision proposed in the draft regulation is contrary to the requirements of the European Union. It should therefore be replaced by Article 154, paragraph 1, letter c). The main objective of producer organizations is to support their members by concentrating supply to the market, ensuring production planning, processing, concentrating supplies and placing products

manufactured by their members on the market, as indicated by the provisions of Article 152 of Regulation 1308/2013.

Paragraph 3. Pursuant to the provisions of Article 156 of Regulation 2013/1308, an association of producer organizations is established at the request of recognized producer organizations and may carry out any of the activities or perform any of the functions assigned to producer organisations. The provisions of paragraph 3 should comply with the provisions of the European Union. In point 3, paragraphs 7 and 8 of the draft, as in paragraph 2, point 3, the types of activities and objectives of the association of producer organizations should be consistent with those set out in Article 152, paragraph 1 letter b). The provisions of this paragraph should be supplemented by provisions ensuring that producer organizations that are members of an association of producer organizations have democratic scrutiny of their association and its decisions, as well as of accounts and budgets.

Paragraph 4. The analysis of the provisions of paragraph 4 shows that they regulate the formation and functioning of Interbranch organizations referred to in Articles 157 and 158 of Regulation 1308/2013.

The analysis of point 2 of the draft indicates that members of the organization are exclusively recognized by the competent authority of the producer organization and/or association of producer organizations, and the number of such members is not less than two. In European Union legislation, Article 157(1)(a) indicates that Interbranch organizations are constituted of representatives of economic activities linked to the production and to at least one of the following stages of the supply chain: the processing of or trade in , including distribution of, products in one or more sectors. The EU legislator indicates that Interbranch organizations must always be composed of representatives of agricultural producers and representatives of at least one link in the supply chain, i.e. processing or distribution. The proposed regulations do not require the participation of at least one processing or trade representative. Producer representatives are limited to recognized producer organizations and associations of producer organisations. It is recommended that the wording of the draft regulations be adapted to the EU requirements. Appropriate implementation of the objectives will be possible with the greatest possible representativeness of the food chain participants in a given sector.

Points 7 i 8. It is proposed to remove the provisions defining who can create an Intersectoral organization as redundant. This has already been stated in Article 1, paragraph 1, point 3 of the draft law.

It should also be noted that the subject of activity of the members of the intersectoral organization referred to in point 7 of the draft was defined at the level of agricultural producers in a very general way as regulation of agricultural activity related to the same type of agricultural products. However, the subject of activity was completely omitted in relation to other links of the supply chain, including processing or trade, including distribution. Considering the above, it is proposed to indicate that the object of the intersectoral organization's activity is to pursue a specific goal taking into account the interests

of its members and consumers, which may include, in particular, one of the goals set out in point 10.

Point 8. It should be noted that the object of the Intersectoral organization is already defined in point 7. Therefore, the provisions in point 8 should not be duplicated.

Point 10 A detailed comparative analysis of the provisions of point 10 of the draft and the provisions of Article 157, paragraph 1, letter c) of Regulation 1308/2013 indicates minor differences in the objectives of the Intersectoral organization.

Paragraph 6. Issuance of a decision in response to a submitted application should be preceded by an on-site inspection of the applicant organization and its members. The control should be carried out in particular in terms of compliance of the data declared in the application with the actual state. The inspection should end with a report to which appendices documenting the existing facts should be attached. Considering the above, the period for issuing a decision in response to a submitted application should be extended. It is important to check the facts in order to make the right decision. Taking into account the authorizations held by recognized entities, unauthorized entities may want to enter the system.

Article 8.

No comments.

Article 9.

No comments.

Article 10.

Provisions should be added to allow member producers to democratically control their organization and its decisions, as well as financial statements and budgets. For this reason, a systemic solution limiting the number of directly or indirectly held votes and shares in the organization by one member should be envisaged.

Article 11.

If the comments submitted to Articles 3 and 4 are taken into account, the provisions of Article 1, paragraph 2 concerning non-compliance with norms and standards should be eliminated.

Article 12.

Paragraph 1. It is necessary to consider the introduction of regulations regarding cyclical, for example every 3-5 years, inspection of the activities of associations of agricultural producers in terms of meeting the requirements for their recognition as representative associations. Taking into account the objectives of their operation and impact on the

market, it is important that they meet the requirements set for them during their operation.

Article 13.

No comments.

Article 14.

The deadlines of 30 working days from the submission of the application to the issuance of the decision seem to be too short, especially when dealing with applications on complex issues. For this reason, it is recommended for complex cases to provide for the possibility of extending the deadline for their consideration to 60-90 days.

Article 15.

Paragraph 2. With regard to scheduled inspections, it is not specified what period they take place. It is recommended to specify what period they are made.

Paragraph 3. The time for submitting the response referred to in the second paragraph should be counted from the date of receipt by the subject of the notification. The delivery date may vary significantly, among others, depending on the postal operator, the location of the entity.

Article 16.

No comments.

Article 17.

No comments.

Section VII

No comments.

II. Supplementing more detailed justification to substantiate the position presented

Article 1. Definitions of terms

Paragraph 3. Łańcuch dostaw produktów z odniesieniem do których mogą powstawać intersectoral organization tworzy ogromna liczba uczestników rynku i organizacji reprezentujących ich interesy. Ważnym jest aby oficjalnie działające na podstawie istniejącego prawa organizacje mogły uczestniczyć w tworzeniu intersectoral organization i mieć wpływ na realizowane przez nie cele i działania. Pozwoli to na lepsze funkcjonowanie dialogu w ramach łańcucha dostaw oraz sprawniejsze rozwiązywanie istniejących problemów oraz dopasowywanie realizowanych działań do istniejących wyzwań

Paragraph 9. The definition of agricultural producer is fundamental to the functioning of producer organisations. This definition defines who creates producer organisations, who benefits from the functioning of the organization and who has a decisive influence on its functioning. Article 3, paragraph 3 of Regulation 1308/2013 indicates that the definitions set out in Regulation (EU) 2021/2116 and Regulation (EU) 2021/2115 of the European Parliament and of the Council apply for the purposes of this Regulation, save as otherwise provided for in this Regulation.

Article 152(1)(a) regulation 1308/2013 indicates in which markets producer organizations may be set up and products which may be the subject of activities of recognized producer organisations. The above-mentioned limitations mean that it is agricultural producers who create and control the functioning of producer organizations and derive benefits from its functioning. The removal of processing entities from the definition of an agricultural producer does not exclude their presence in the producer organization as their member. A Member State may provide that members of a producer organization may be other than agricultural producers, but their participation should be such that agricultural producers establish and control the producer organization in a democratic manner as referred to in Article 152(1)(a) and article 153, paragraph 2, letter c).

Article 3.

It is through dialogue with public authorities and other organizations and institutions that the agricultural producers' association should influence the taking of appropriate actions, including the creation of appropriate legal solutions and the implementation of market support instruments.

Article 4.

Agricultural producers' associations should not carry out activities that can be carried out by producer organizations and their associations or interbranch organisations.

The right approach would be for the agricultural producers' association to represent the collective interests of its members by identifying their problems, challenges and expectations of its members and, through dialogue with public authorities, other organizations and institutions, influence their actions and decisions.

Article 6.

Normally, the issuing of a decision by an authorized body involves an on-site inspection. Entities dissatisfied with the decisions taken by the issuing unit often appeal against them to the courts. The consequence of court rulings may be the need to pay high damages. For this reason, it is necessary to define the requirements for organizations to which powers may be delegated.

Article 7.

Paragraph 2.

Point 2. The legislation of the European Union clearly indicates that producer organizations are controlled by agricultural producers. However, membership of persons and entities that are not agricultural producers is allowed, but their participation in the producer organization will strengthen its potential. In order to ensure that agricultural producers have a decisive influence on the functioning of producer organizations, systemic solutions ensuring protection of their interests should be applied.

Point 3. The task of producer organizations is to support their members, in the specific areas selected by them, through the implementation of specific objectives. Members of POs still retain a fairly high level of economic autonomy. The area of activities that can be carried out for them is defined by the producer organization in its statutes and cannot go beyond the framework set out in the legislation. It should be clear from the wording of this point that it is the members who define the scope of activities and the goals to be pursued, and that the organization, acting in these areas and implementing the goals indicated by the members of the organization, may influence the decisions made by them to the extent necessary. The application of the approach proposed for point 3 will result in the fact that some of the issues regulated in point 4 will be regulated in point 3. What areas and objectives will be implemented in a given producer organization will be decided at the level of the producer organization.

Point 4. Decision-making within a producer organization should be decided at producer organization level by its members. Resolving this at the level of national legislation is excessive interference in the activities of producer organizations.

Point 5. The provisions of the draft regulation indicating the obligation to have a specific share in the market will be difficult to understand for those wishing to create producer organizations, because in order to define it, they will need to know the size of the market in a given region in relation to a given product. These market share figures may be

blocking the emergence of small producer organisations. For this reason, the provisions of the draft should be adapted to the solutions applied in EU legislation.

Point 10. The statutes of a producer organization are a very important document shaping the functioning of the organisation. It is important that from the very beginning it contains elements provided for by European Union law. Properly designed, it clearly presents the principles of the organization's functioning, which enables new members to make well-considered decisions about joining the organization. The provisions of the statute should ensure democratic control over the functioning of the organization by its members, so that there is no situation where one or several members of the organization dominate the management of the organization, depriving other members of the organization of influence on its functioning.

Point 11. Producer organizations are established due to the need to strengthen the market position of agricultural producers in the marketing chain, as indicated in Article 152 of Regulation 1308/2013. The provisions proposed in the draft act make it impossible to achieve the above-mentioned objectives. Therefore, they should be replaced by the requirements of article 154, paragraph 1, letter c), which clearly indicate that the organization must have the resources to support its members in achieving the goals it has set itself. The fact that a producer organization may place the products of its members on the market is clearly evidenced by the provisions of Article 152, paragraph 1a.

Paragraph 3. The provisions on the formation of producer organizations and associations of producer organizations are a derogation from Art. 101 sec. 1 TFEU. A recognized producer organization and an association of producer organizations may plan the production of agricultural products, optimize their production costs, market them and negotiate supply contracts on behalf of its members for all or part of their total production. For this reason, it is important that the scope of their activities and the goals pursued are consistent with the European Union regulations regarding their creation and operation.

Paragraph 4. Interbranch organizations are convenient platforms for cooperation between organizations representing various links in the supply chain. For this reason, legal solutions should be created to enable a wide participation of organizations representing market participants in order to properly select the objectives of the implementation of Interbranch organizations' activities.

Punkt 7 i 8. The proposed approach coincides with the provisions of Article 157, paragraph 1, letter c) regulation 1308/2013. In general, it should be stated that Interbranch organizations support cooperation within the food chain and undertake activities conducive to its development. Interbranch organizations strive for a balanced representation of the organizations in the stages of the supply chain that constitute the interbranch organisation; In accordance with the provisions of article 158, paragraph 1, letter d), Interbranch organizations do not, themselves, engage in production, processing or trade. Focusing on one link in the supply chain will limit the effectiveness of interbranch organisations.

Point 8.

Taking into account the ambitions of Ukraine to rapidly deepen economic relations with the European Union, it is recommended to fully harmonize the objectives set out in the project with the objectives set out in the EU legislation. The lack of harmonization of goals will make it difficult to deepen cooperation at the level of the Intersectoral organization and the possibility of obtaining membership of foreign entities in Ukrainian and European organizations.

Paragraph 6. During the recognition process, an on-the-spot check should be carried out to eliminate non-compliant operators. If it is found after obtaining recognition that the entity did not meet the requirements, the entity loses recognition, although over time it began to meet the requirements.

Article 10. Democratic control over the functioning of the organization is extremely important.

For example, it could be stipulated in the regulations that no member, shareholder or shareholder who is a producer may hold more than, for example, 20% of the votes at a general meeting, general meeting or general meeting of members of a producer organization and may not hold more than, for example, 49% shares or shares in this organization, also indirectly:

1) by:

(a) holding, directly or indirectly, a majority of votes at the shareholders' meeting, the general meeting or the general meeting of members of the producer organisation, also as a pledgee or usufructuary, or on the management board of another legal person which is a member of that organisation, also on the basis of agreements with other persons, or

(b) the power to appoint or remove a majority of the members of the management board of another legal person that is a member of the producer organization, including on the basis of agreements with other persons, or with other people, or

2) when:

(a) the members of the board of a legal person that is a member of the producer organization constitute more than half of the members of the board of directors of another legal person that is a member of that organisation, or

b) directly or indirectly holds more than 49% of shares or holds more than 20% of votes in a partnership which is a member of a producer organisation, also on the basis of agreements with other persons, or exerts a decisive influence on the activities of another member of this organisation, in particular on the basis of agreements .

Article 12.

Paragraph 1. During the functioning of associations of agricultural producers, their situation is constantly changing as a result of external factors as well as changes taking place inside the organization. For this reason, it is important to carry out cyclical checks to verify compliance with the existing requirements.

Article 14.

The administration responsible for examining applications should be given a reasonable period of time to deal properly with the case. This is very important for the proper functioning of the system.

Article 15.

Paragraph 2. It is important for entities to be aware of the inevitability of cyclical inspections. Cyclical inspections should also not be too frequent so as not to overburden the entity.

Paragraph 3. Entities should be given the same period of time to provide explanations, regardless of the efficiency of the post office.

III. Short summary with recommendations on what to focus on when finalising the proposed legislative initiative.

The Common Organization of the Agricultural Market in the European Union was defined by Regulation (EU) No. 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organization of the markets in agricultural products and delegated and implementing regulations issued on the basis of the delegations contained therein. The main role in the implementation of market management instruments is played by the European Commission and the administrations of the Member States.

Regulation 1308/2013 identified the areas of market functioning in which entities established on the initiative of market participants, such as agricultural producers and their representative organizations, and representatives of other links in the food sector supply chain, can play an important role. The implementation of objectives and activities in these areas was entrusted to Producer Organizations and their Associations and Interbranch Organizations. The scope of areas in which they can operate, pursued goals and activities are defined in EU legislation. Their creation and operation are supervised by the public administration. In further work on the draft act, focus should be on:

- ensuring the possibility of functioning of producer organizations and their associations as well as interbranch organizations in the areas provided for in Regulation 1308/213 by indicating these areas in the draft regulations. Care should also be taken to ensure that their activities do not go beyond these areas,

- the freedom to choose the organizational and legal form when creating associations of agricultural producers could be increased,
- creating an effective system of administrative supervision over their creation and further operation,
- of great importance for the proper functioning of associations of agricultural producers is the provision of legal provisions to ensure the existence of appropriate solutions ensuring democratic control over the functioning of the organizations. Appropriate provisions in this regard should be in place from the very beginning of the system's operation. Introducing changes in the operation of entities is extremely troublesome and costly for them.

The creation and operation of agricultural producer associations is not regulated by the provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organization of the markets in agricultural products. For this reason, the area of their activity, goals and activities carried out by them should not enter the areas regulated by Regulation 1308/2013. The existing provisions in the draft should be adapted accordingly. It is recommended that the activities of agricultural producer associations include representing the collective interests of their members towards public authorities and other organizations and institutions, as well as conducting training and advisory activities. It is through dialogue with public authorities that the agricultural producers' association should influence taking appropriate actions, including the creation of appropriate legal solutions and the implementation of market support instruments.