

CONFERENCE ABSTRACT

Session: LABOUR ISSUES IN AGRIFOOD SUPPLY CHAIN

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Navigating the Future: Assessing the Impact of Due Diligence Rules in the European Union on Business, Environment and Workers*

This paper explores the significant ramifications of the EU's enhanced due diligence regulations. These rules aim to foster sustainable development and heighten corporate accountability, examining their effects on environmental sustainability, labor rights, and business operations. As the EU broadens its regulatory scope to include rigorous sustainability and social impact assessments, this analysis reveals how such regulations encourage businesses to adopt responsible practices that contribute positively to societal and environmental objectives. The findings underscore the transformative potential of these rules in shaping corporate behaviors towards improved environmental performance, social equity, and comprehensive worker protection, setting a path for a sustainable and ethically grounded business landscape in the EU.

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The social conditionality: its implementation and effects on supply chain sustainability

The work explores the innovative introduction of social conditionality in the CAP 2023-27, detailed in EU policy documents and culminating in Regulation No. 2021/2115. It examines the newly established frameworks within CAP regulations, assessing the impact on supply chain sustainability on the agricultural sector. The analysis includes a review of additional legal instruments aimed at protecting workers and their practical effects as implemented by Member States. Within the context of rural development strategies outlined by national strategic plans, the communication highlights interventions that have significant social impacts, according to drafts from the EU Commission. The

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role of Member States is critically analyzed, demonstrating their essential function in implementing the regulatory framework dictated by EU regulations, which in turn influences the sustainability of supply chains.

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The effects of the agricultural supply chain on working conditions

The agricultural sector is characterized by the seasonal trend of the production cycle, the prevalence of low-skilled workers and a widespread use of irregular workers. The temporary and seasonal nature of work in agriculture and the discontinuous need for a workforce makes frequent use of fixed-term employment. Agricultural companies make frequent use of part-time, allowing them to significantly reduce working hours and labour costs, leading to an impoverishment of both the wages and contributions of the workers involved (Faleri, 2020; Battisti 2023). For these reasons, the agricultural sector is particularly exposed to poor work, characterized by low incomes often do not exceed the minimum wage. The circumstances mentioned above are largely imputable to the agricultural supply chain. The mechanisms for determining the price of agricultural products, established by large-scale distribution and agri-food multinationals, essentially benefit the consumer, however, they also oblige the producer to cut labour costs in order to obtain a profit, causing conditions of strong exploitation of labor (Pettinelli, 2022). Given the downward competition on farming products, agricultural companies are turning to “gangmasters”. The gang-master system has historically been linked to forms of illicit intermediation in the supply of labour and the exploitation of workers. Traditional gang-mastering is accompanied by a more modern recruitment system and the exploitation of immigrant labour is organized directly by the agricultural entrepreneur, who exercises a power of control and manages the work in the most convenient ways for the employer, often in violation of human rights. This research aims to analyze the effects of the agricultural supply chain on working conditions from the perspective of labour law, with reference to law no. 199/2016, in particular to the “Agricultural Quality Work Network”, the victim protection tools and inspection roles, in an attempt to highlight the positive and most critical aspects (D’Onghia, De Martino, 2018; Leccese, Schiuma, 2018). The objective of the research is to outline a multilevel contrast strategy aiming to engage various players who, always from a labour law perspective, aim to adopt a regulatory model that can guarantee a fair balance between economic-productive and environmental-social needs (De Michiel, 2023). Some reflections could be carried out on the use of the network contract (Cangemi, Pettinelli, 2021) as a means of regulating competition on working conditions and contrasting labour exploitation in the supply chain.

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Forced labour within the EU; sustainability due diligence and the agri-food supply chain

The problem is described from the perspective that in the countries of southern Europe, especially Italy and Spain, there is evidence of the presence of labour in agricultural work that can be included in the international definition of forced labour: in Italy, especially through the figure of *caporalato*; for its part, in Spain the reaction has been much less forceful despite the seriousness of the problem. The European Union, in the framework of its new European legislation on sustainability, is taking very important steps against labour exploitation; just a few weeks ago, agreement was reached on the adoption of the Forced Labour Regulation, which imposes obligations on importers to prevent (with a clear risk-based approach) the introduction into the EU of products, such as agricultural products, in the production of which forced labour has been used. Such a ban is in line with international standards such as the United Nations Guiding Principles on Business and Human Rights (UNGPs). On the other hand, although still pending final approval, the Corporate Sustainability Due Diligence Directive of the EU imposes stronger obligations on large companies, in our case food companies and supermarkets, to prevent, identify, tackle and mitigate the harms of forced labour. There are national laws in European countries that already have similar strategies in place.

In this context of regulatory developments, the aim of this Communication is:

- a) To analyse the existence of forced labour within the EU in the agri-food supply chain.
- b) To examine whether national and European regulations are effective in preventing and mitigating this type of human rights violation; due diligence regulations seem to be designed for cases occurring outside EU borders, but not for cases of internal labour exploitation.
- c) To consider to what extent the criminal offence of *caporalato* could serve as an inspiration for a future directive, which would harmonise the criminal response to the most serious forms of labour exploitation.

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Female workers in agriculture. Gender gap and legal protection perspectives.

The agricultural sector in Italy, as in many other European countries, has been affected by the new agricultural regime characterized by downstream fragmentation of farming countered by upstream concentration of corporate distribution. In this context, under the pressure and costs of large

production and distribution systems, economic and contractual power among agri-food supply actors is not equally distributed, often resulting in unfair returns for farmers. This often pushes local agricultural producers to contain production costs and increase profit margins by undermining the protection of workers' labour rights and resorting to low-paid labour, especially migrant workers. Among these, female workers represent a significant portion of the agricultural labour force, although they are often invisible to society, public institutions, and social partners.

The lack of disaggregated data and complaints, the widespread occurrence of undeclared work, physical and social segregation, and the duty of childcare are factors contributing to the invisibility of those workers and, consequently, increasing their vulnerability to exploitation.

Drawing from the concept of "vulnerability" provided by Directive 2011/36/EU, the speech will focus on several points. Primarily, it will further explore the triple exploitation that mostly affects women – namely labour, sexual, and wage exploitation. Not surprisingly, pay equity intersects two of the goals of the 2030 Agenda for Sustainable Development: gender equality (goal 5) and decent work (goal 8), and also intersects principle 2 (Gender equality) of the European Pillar of Social Rights, proclaimed by the European Parliament, Council, and Commission in 2017.

Secondly, it will critically examine the inadequacy of the Italian legal framework, especially through Article 18 of the Consolidated Act of Migration (Legislative Decree n. 286/1998), in protecting native and migrant victims of such exploitation. Indeed, only with appropriate support and social protection – even through socio-labor reintegration – victims can approach authorities, participate in judicial proceedings, claim compensation and empower. In this context, the proposal for a Directive on violence against women and domestic violence, outlined in the Gender equality strategy 2020-2025, imposes comprehensive obligations on Member States to ensure support for victims.

Lastly, the speech will address the role that large distribution can play in preventing the exploitation of women and reducing the gender gap across the agri-food supply chain. The key factor in adopting social "gender" sustainability models (in terms of best practices or Corporate Social Responsibility - Csr) by large distribution lies in their potential power to influence (or even bind) their suppliers to adhere to the same principles.

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Consumers' behavior toward No Cap label: evidence from tomato market

Italy, with a production of 5.4 million tons, is the third largest producing country of tomatoes for industrial use. This market is sized at approximately EUR 4.4 billion and employs 35,000 workers of which 25,000 are seasonal. The production of tomatoes for industrial use is currently facing multiple challenges that significantly impact farmers' revenues such as a reduction in tomato yields due to climate changes, an increase in input costs, and unfair trade practices in business-tobusiness relationships. To compensate for revenue losses, farmers often exploit workers underpaying them to

cut labor costs. Reports pointed out that approximately 100 thousand agriculture workers were exploited in 2015: mostly foreign citizens and women working in manual tomato harvesting in Southern Italy. These figures raised consumers' awareness about agricultural workers' living and working conditions. As a response, the No Cap label was introduced in the Italian market certifying respect for workers' rights. To prompt the adoption of this ethical label, understanding the determinants of consumers' behavior plays a pivotal role. Several concurrent factors may shape consumers' behavior toward ethical labels; literature reported that consumers' interest in foods produced in compliance with fair labor practices (i.e., consciousness for fair consumption) had a positive influence on consumers' behavior toward ethical products, like Fair-Trade ones. Furthermore, consumers' perception of integrity and honesty related to the label (i.e., trust) was found a key factor in predicting consumers' behavior toward labeled products. Finally, the consumer's tendency to buy new products more often and more quickly than other people (i.e., consumer innovativeness) was found to have a positive influence on consumers' behavior toward ethical products. Empirical studies also revealed a positive link between environmental concern and consumers' willingness to buy (WTB) ethical products. Therefore, the current study aims to analyze the main drivers of the consumers' WTB for tomato products with the No Cap label. Then, a survey on a representative sample of 600 Italian consumers was conducted. Results, from the structural equation modeling, showed that consumers' trust in the No Cap label was the strongest predictor of the WTB, followed by environmental concern, consciousness for fair consumption, and consumer innovativeness. These results may have positive implications for producers and policymakers.

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The multidimensionality of integrating foreign agricultural workforce: A case study of Corigliano Rossano in Calabria.

The present work was developed within the framework of a cooperation agreement between CREA - Center for Policies and Bioeconomy (CREA - PB) and the Municipality of Corigliano-Rossano (Calabria) with the aim of providing the public administration with methodological and factual indications on the paths already initiated or to be initiated to promote the economic and social inclusion of foreign agricultural labor in their territory. The agreement is part of the broader scenario of the Multisectoral Local Plan "For the Fight against Labor Exploitation of Non-EU Countries in Agriculture and Labor Intermediation," under measure M5C2 of the PNRR and the support activities of the National Rural Network for the implementation of the National CAP Program post-2023.

The municipality of Corigliano Rossano is in a territory, the Plain of Sibari, with a strong agricultural vocation and a significant presence of foreign labor. Following studies on territorial development processes and, consequently, on the multiple components that characterize their birth and evolution,

the presence of foreign labor in the local agricultural sector was analyzed using a multidimensional approach. In summary, by adopting both quantitative analysis (comparison between official statistical data and ad hoc estimated labor demand) and qualitative investigation (literature analysis on migration at the local level and field survey), the presence of foreigners was examined not only in terms of the economic inclusion of workers but also taking into account those components that are ancillary to their social inclusion in the local community: decent housing, an effective transportation system, equitable access to welfare services, including care and citizenship services. These are strategic components to initiate processes aimed at overcoming forms of labor exploitation that, in the long run, produce inefficiencies within the production system itself.

From the statistical analyses conducted, based on a theoretical estimate of labor needs, it emerged that in the municipality of Corigliano-Rossano, approximately 411,983 more workdays are needed than those reported in official statistical sources. This data draws attention to the presence of invisible workers in agriculture, among them particularly foreigners, who are also the most exposed to various forms of harassment and exploitation conveyed through the phenomena of labor intermediation. Testimonies collected indicate that reducing the instability of agricultural employment, especially foreign labor, can contribute, first and foremost, to making the production system more efficient and, consequently, improving the quality of productions, thus allowing for an increase in their added value with ethical and social content as well. Hence the need to initiate pilot actions in the territory through which to converge both the experimentation of new agricultural policy instruments and sustainable social inclusion paths over time.

In conclusion, the work proposes the possibility of finding alternative solutions to the current forms of use of agricultural labor, especially foreign labor, within national and community public policies, while observing their current scant attention to the issue of fair and quality work in agriculture. One of the areas of application is the "Social Conditionality," but also the framework of the First Pillar of the CAP.