

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

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DOI: 10.30682/nm2503c

JEL codes: Q18, Q58

Abstract

The essay deals with the aspects of social conditionality as a mechanism recently introduced in the CAP payment system. It outlines the relevance of the provision within the sustainable food system in the agri-food supply chain, for the issues related to the protection of labour, in EU and national law. Within the rules established by the new Common Agricultural Policy 2023-27, in line with the objectives of social sustainability, the essay addresses the legal mechanism of the social conditionality instrument, which provides for the reduction of financial support for failure to comply with the rules aimed at protecting workers, by retracing the stages of its establishment and implementation in European legislation and at the national level. The essay analyses the Italian rules aimed at implementing the EU provision, pointing out the problems related to the implementation of the payment administrative system, considering the violation of labour standards; as well as to the penalties system, to assess the adequacy of the national system, to establish dissuasive and proportionate sanctions. Finally, the authors offer an outlook on possible future developments at the EU level.

Keywords: Social sustainability, Common Agriculture Policy, Agrifood chain system, Social conditionality.

1. The Social sustainability approach in the Common Agricultural Policy

The vision of the CAP 2023-27 is strongly influenced by the sustainability approach, which is part of the new model of the sustainable agri-food chain, as described by the Farm to Fork Strategy of the EU Commission (EU Commission, 2020). Within the objective of the CAP, this aspect is evident from Regulation 2021/2115, which establishes rules on support for strategic plans to be drawn up by Member States under the Common Agricultural Policy (CAP Strategic Plans)

financed by the European Union. Article 5 establishes that “In accordance with the objectives of the CAP set out in Article 39 TFEU, with the objective to maintain the functioning of the internal market and a level playing field between farmers in the Union and with the principle of subsidiarity, support from the EAGF and the EAFRD shall aim to further improve the sustainable development of farming, food and rural areas and shall contribute to achieving the (following) general objectives in the economic, environmental and social spheres, which will contribute to the implementation of the 2030

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Agenda for Sustainable Development”. Among these objectives, the effort to strengthen the socio-economic fabric of rural areas—an enduring goal—includes, for the first time in the CAP’s legal framework, a special focus on workers employed in the agricultural sector. Most recently, the approach aimed at enhancing social sustainability in the agricultural policy has been confirmed and strengthened at the European level.

First, the document commissioned by the EU Commission, “Strategic dialogue on the future of agriculture” (EU Commission, 2024), in the section “Recommendations”, emphasizes the relevance of social aspects of the agricultural sector, which currently employs 30 million people, by focusing on issues such as “supporting future generation of farmers” and “attracting and protecting workers” (par. 4.2). The document outlines that “socially just working conditions are an indispensable part of production in the agri-food sector; conversely, sustainable production safeguards jobs, in particular in vibrant areas”. In this framework, the assessments must take into consideration impacts of farmers activity on workers. In fact, on one hand, it stresses the importance of improving living and working conditions in rural areas, as this may enhance the attractiveness of the agrifood sector; on the other hand, addressing and eliminating abuses in the most vulnerable areas of work is identified as a priority for policy makers (p. 78).

The Strategic dialogue document calls for the full implementation of social conditionality in the CAP in all Member States, also by promoting building capacity of farmers to improve adherence to minimum labour standards and social protection of farmworkers. Furthermore, it takes into consideration the migrant workers position and the need of their effective protection, access to information and cultural integration.

Furthermore, fostering fair working conditions in rural areas is considered a key topic by the EU Commission in its Document “A Vision for Agriculture and Food Shaping together an attractive farming and agri-food sector for future generations” (EU Commission, 2025), according to which “food and feed production in the EU is also dependent on farm workers, which are frequently coming from other EU Member

States or from third countries and too often work under precarious conditions. This needs to be, more than before, proactively addressed and considered in public policies. Linked to this, social dialogue and collective bargaining have an important role to play, in line with national law and traditions” (par. 3.4, p. 20).

Moreover, is evident that the deep review of the CAP for the period 2023-25, laid down by Regulations published on December 2021, was influenced by the changing of the market structure, even more depending from external factors, both regarding the access of raw agricultural materials from external countries addressed to the European market, as well as the migratory flows that affect in particular the labour market and the organization of seasonal employment in agricultural sector (EU Commission, Accompanying report to the Proposal of regulation on Strategic plans, 2018; Senatori, 2024; Palumbo, Corrado, 2020; Williams, Horodnic, 2018).

2. The social conditionality in the CAP 2023-27.

The introduction of rules concerning workers within the CAP regulation can be considered a crucial innovation in the legal framework of agricultural markets (Canfora, Leccese, 2022). For the first time, the compliance with the basic labour standard become a pre-requirement for the payments to farmers. In the context of the broader issues concerning social sustainability in the new CAP (Canfora, Leccese, 2024a), a regulatory profile, highly innovative compared to the pre-existing regulatory framework on agricultural policies, is provided for by the social conditionality, laid down in Article 14 of Regulation (EU) no. 2021/2015. The inclusion of this rule in the original Commission draft was strongly supported by European Parliament, whose role was crucial in the approval of the amendments that established the set of rules related to the social conditionality and the functioning of the mechanism.

Regarding the EU’s financial support to national strategic plans, Regulation 2012/2115 extends the model of the “environmental” conditionality (the “cross-compliance”, already

regulated by the previous CAP regulations, since the 2003 CAP Reform) to several matters regulated by labour law directives. The provision is expressed in the form of administrative penalties for farmers who fail to comply with rules designed to protect workers.

As regards Regulation 2021/2115, the European Union has moved in the direction of expanding the content of conditionality to the protection of workers, therefore using the CAP (whose relevance in the economic context obviously cannot be discounted) as a crowbar to unhinge behaviours that undermine the effectiveness of the rules established to protect employment. Especially since, in the past, proposals to incorporate aspects relating to occupational safety in the framework of the legislation on agricultural support schemes had never led to a legislative provision (EU Commission 2003; Hunt, 2014). The starting point of this instrument is the valorisation of the dignity of work and the acceptance of the perspective according to which, once defined in a legal system the protection of workers, the guarantee of their effectiveness must constitute a variable independent from market conditions.

Within the framework of the numerous remedies which have been implemented at the national level to ensure the effective application of labour protection regulations, those based on different forms of conditionality represent – not only today – an interesting frontier, because they impact on the cost-benefit analyse of economic operators. By resorting to them, the public decision-maker effectively influences those calculations by imposing economic disadvantages on companies that opt for non-compliance with the protection rules.

The real impact of the instrument on the concrete dynamics of employment relationships depends, on the one hand, on the list of protection rules whose effective application is intended to be promoted and, on the other one, on the incisiveness of the action of those who verify and monitor compliance with the rules in question, as well as on the extent of the disadvantages that affect companies that violate them (Leccese, Schiuma, 2018). The breadth of the purposes pursued with this choice and the current boundaries of the chosen protection legislation are very

clear from the recitals of the Regulation, where it is stated that “(45) In order to contribute to the development of socially sustainable agriculture through better awareness, on the part of beneficiaries of CAP support, of the employment and social standards, a new mechanism integrating social concerns should be introduced” and “(46) to the compliance of farmers and other beneficiaries with basic standards concerning working and employment conditions for farm workers and occupational safety and health, in particular certain standards under Council Directive 89/391/EEC [i.e. the framework directive on the safety and health of workers] and Directives 2009/104/EC [concerning the minimum safety and health requirements for the use of work equipment by workers at work] and (EU) 2019/1152 [on transparent and predictable working conditions] of the European Parliament and of the Council. By 2025, the Commission should assess the feasibility of including article 7(1) of Regulation (EU) 492/2011 of the European Parliament and of the Council and should, if appropriate, propose legislation to that effect”.

In turn, article 14(1), located in a Section of the Regulation specifically dedicated to Social Conditionality, establishes that “Member States shall indicate in their CAP Strategic Plans that, at the latest as from 1 January 2025, farmers and other beneficiaries receiving direct payments under Chapter II or annual payments under articles 70, 71 and 72 are to be subject to an administrative penalty if they do not comply with the requirements related to applicable working and employment conditions or employer obligations arising from the legal acts referred to in Annex IV” (i.e. the directives referred to in recital 46).

On a procedural level, then, Article 14(2) provides that “When including a system of administrative penalties in their CAP Strategic Plans as referred in paragraph 1, Member States shall, in accordance with their institutional provisions, consult relevant national social partners representing management and labour in the agriculture sector and shall fully respect their autonomy, as well as their right to negotiate and conclude collective agreements. That system of administrative penalties shall not affect the rights and obligations of the social partners

where they are, in accordance with national legal and collective bargaining frameworks, responsible for the implementation or enforcement of the legal acts referred to in Annex IV”.

In particular, the mechanism of social conditionality, in accordance with Article 14 Reg 2021/2115 and the cited annex IV covers directives on two main aspects concerning labour protection.

First, the mechanism refers to the rules, already in force in Member States, following the implementation of the Directives 2009/104/EC and 89/391/EEC, on occupational safety and health.

The second field interested by the social conditionality rules is related to the transparent and predictable employment conditions. As provided by the Directive 2019/1152/EC, farm workers must be informed of employment conditions in writing, regardless of the hours worked. This information includes place and type of work, beginning and, where relevant, end of employment, information on probation period, paid leave, notice periods, remuneration, work pattern/schedule, as well as social security information.

The inclusion, among the mentioned directives, of the one on transparent and predictable working conditions, is particularly important if we consider the characteristics of the agricultural sector, in which a significant part of the violations occurs in undeclared and non-formalized work, often under the control of gangmasters. Therefore, the sanction for the violation of the relevant provisions of Directive 2019/1152, which requires providing the conditions of employment in writing and delivering the employment contract within seven working days, contribute to the objective of reducing the use of these forms of work, impacting, once again, on the cost-benefit analysis of the business operators.

The last reference of art 14, par. 2, provides the Member State with the right to entrust the implementation of directives relating to social policy to the collective bargaining system, provided that the collective agreements satisfy certain requirements, in particular general binding effects.

To ensure the effectiveness of this instrument, article 14(3) establishes that “The CAP Strategic Plan shall include rules on an effective and proportionate system of administrative penalties”.

Furthermore, the control system of social conditionality is defined by Reg 2021/2116, art 87-89, providing that Member States shall set up a system providing for the application of administrative penalties to beneficiaries referred to in Article 14, who do not comply with the rules on social conditionality, by making use of their applicable control and enforcement systems in the field of social and employment legislation and applicable labour standards. In more detail, Art 88 and 89 draw the legal framework that Member States must respect in implementing the administrative sanction system at the national level.

These provisions give the Commission the power to adopt delegated acts supplementing the regulation, containing detailed rules on the application and calculation of sanctions, to “ensure a level playing field for Member States as well as the effectiveness, proportionality and dissuasive effect of administrative sanctions” (Article 89, paragraph 2).

3. Impact of social conditionality on the agrifood chain system

The introduction of social conditionality, in the CAP, and, above all, its full implementation at national level, is intended to have a concrete impact on improving social sustainability related to workers in agriculture.

The mechanism of social conditionality produces virtuous effects on different levels.

As far as the improvement of workers conditions, as elsewhere already outlined, the provision can be considered a *first step*, but nevertheless an *essential* step, in considering workers conditions improvement as integral part of the agricultural market system. This is mainly evident by the definition of a payment system conditioned by the need to respect, until now, only environmental and food safety aspects (Canfora, Leccese, 2024a). Considering the attention paid to environmental sustainability, related to the reduction of use of pesticides and to animal welfare in a holistic perspective, the consideration of labour aspects of the agricultural activity organization become a part of the broader consideration of the “sustainable farm system”. This includes the dignity of work and the respect of

higher labour standards, as a key aspect of social sustainability in agriculture.

Secondly, this provision can be appreciated from the point of view of the concrete functioning of the agrifood chain regulation, as a key element of the machine's gears. As emerges from the various analyses of the phenomenon, the presence of undeclared work and illegal working conditions are related to the reduction of the profitability of agricultural producers, mainly depending on low prices of agricultural products paid by purchasers taking advantage of their bargaining power within the agrifood chain relationships (Canfora, 2022). In Italy, the *Triennial Plan against work exploitation and gang-master system* (2020-2022), defined by the Ministry of Labour, jointly with the Ministry of Agriculture and the Ministry of the Interior and extended until 2025, highlighted these aspects, establishing measures aimed at counteracting the illegal exploitation of workers in the Italian framework (Canfora, Leccese, 2021). Conversely, the unfair distribution of value within the agrifood chain is considered one of the elements that exacerbate this phenomenon, as the low revenue of farmers in purchasing agricultural products to the processors or retailers leads to a reduction in production costs, mainly on the cost of labour.

From another perspective, the violation of labour standards also affects the fair competition within the food chain. Indeed, the greater potential for the violation of labour standards, with the consequence to reduce the labour-related production costs, produces a competitive advantage based on illicit conduct of farmers which harms virtuous holdings.

This is an emerging profile, in a wider consideration of the fair competitiveness in the food chain overall. Let's consider the special attention paid by the European Union in this field, as shown by the approval of specific rules for the food supply chain, laid down by the EU Directive 633/2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain. The Directive is legally based on Article 43 of the Treaty of functioning of the EU, since it is aimed at protecting the position of farmers within the agrifood chain, as the weaker party in the agrifood relationships, supporting the reduction

of costs paid for the agricultural raw materials (Canfora, Leccese, 2024b).

Regarding agricultural holdings, the reduction of costs related to labour due to illicit behaviour, represents a key aspect to be considered in the perspective to reach fair competition conditions among farmers. This adds to the list of violations of environmental regulation rules, as provided by the "environmental conditionality".

Consequently, the definition of a "minimum set of rules" concerning the respect of labour standards established by the European legislation contributes to establishing the figure of the "virtuous farmer" as the recipient of financial support from the EU. Furthermore, these rules have a relevant impact on the harmonisation of minimum standards of legality expressed by the EU through the definition of "conditionality" as the "benchmark" for legality (compliance) defining a shared level of lawfulness that shall be respected by farmers at EU level.

In this perspective, social conditionality becomes a key aspect in establishing a fair and sustainable agrifood system, as it is part of the holistic perspective on sustainability in the agrifood sector, defined by the Commission in the Farm to Fork strategy and strengthened in the subsequent documents abovementioned. As part of the "social dimension" of sustainability in the field of agricultural policies, social conditionality fulfils the obligation to implement the SDG n.8, decent work and economic growth, as far as agricultural sector is considered as one of the most critical regarding the exploitation of workers.

4. Legal problems related to the implementation of social conditionality

The implementation of social conditionality at the national level brings out some problems that still need to be addressed at EU and national level, considering the absolute novelty of this provision in the framework of the CAP.

A major challenge in implementation is the timing foreseen in the EU regulation: according to Reg. no. 2021/2115, the mandatory deadline to implement the mechanism of social conditionality at national level is set by 2025, although Member states could start as early as 2023. De-

spite the relevance of the matter, considering the novelty of the provision and the need to adapt the internal system, only a few Member States have decided to apply social conditionality since 2023. Among them, Italy established to include social conditionality since the first application of the new direct payments system, in consideration of critical issues of irregular work at national level, as stressed by the EU Commission in its Remarks on the Strategic Plan submitted by Italy (EU Commission, 2022).

Therefore, the first problem is represented by the lack of timely harmonisation, due to the range of the period provided for entry into force of the social conditionality in EU Member States.

The second problem is that Member States are required to fully adapt their national payment system to aspects (not considered until now) related to the violation of labour law legislation.

This requires the adjustment of the administrative system aimed at detecting violations to ensure the effective transmission between the bodies responsible for monitoring labour standard violations and the payment national agencies. This coordination is essential to reduce payments in cases of non-compliance with the rules established by the conditionality mechanism. It is also required by Member States to provide proportionate and dissuasive administrative penalties.

In this perspective, the Italian regulatory model of social conditionality implementation, as laid down in 2023, can be considered particularly meaningful in outlining criticalities and legal solutions.

5. The implementation of social conditionality in Italy

The national implementation of social conditionality in Italy is characterized by the effort to identify the public bodies involved in the process and the cross-functioning of checks, as well as by the definition of a set of administrative sanctions to be applied in case of violation of social conditionality.

In Italy, the consultation of the social partners foreseen in Article 14(2) was swiftly initiated in our country by the competent minister, with the ambitious goal of ensuring that the implemen-

tation of the social conditionality mechanism under the CAP occurs two years ahead of the January 2025 deadline. Top of Form

During and in the margins of the meetings, held in April and June 2022, a diversity of positions had emerged among the representatives of the employers and workers present at the table, with reference to the issue of the extent of the sanctions aimed at hitting companies that do not comply with the rules. This is a crucial issue for the resilience of the instrument, as shown both by the content of paragraph 3 of Article 14 of Reg. 2021/2115, quoted above, and by the attention paid to it by the workers' trade unions at the European level (EFFAT, European Federation of Food, Agriculture, and Tourism Trade Unions), with the not easy task of coordinating the implementation process of the discipline in the different Member States.

The consultations had then confirmed the need to ensure, also in this case, a real incisiveness of the action of those involved in inspecting and monitoring compliance with the rules (Leccese, Schiuma, 2018), to guarantee a real impact of the instrument on the concrete dynamics of labour relations.

Despite the scepticism expressed by some - also due to the early dissolution of the last legislature - with respect to the possibility of closing the game of the implementation of the provisions of Article 14 Reg. 2021/2115 and Article 87-89 Reg. 2021/2116 quickly and, in any case, anticipating the 2025 deadline, the objective was substantially achieved.

The process of adjustment started with a decree of the Minister of Agriculture, Food Sovereignty and Forestry of 11 November 2022 (*Discipline of the social conditionality system pursuant to Regulation (EU) 2021/2115 and Regulation (EU) 2021/2116*), which eminently dealt with the identification - in relation to the different directives covered by Annex IV of Reg. 2115 - of the competent authorities in charge of the application of the conditionality rules (National Labour Inspectorate, with control and sanctioning competences inherent to Directives 2019/1152, 89/391 and 2009/104; the National Fire Brigade, with competences inherent only to Directive 89/391; the Ministry of Health and

Health Authorities, with control and sanctioning competences inherent to Directives 89/391 and 2009/104) and of the data flows relating to the conditionality system.

That process was enriched with the step concerning the determination of sanctions, which were dictated by Legislative Decree No. 42 of 17 March 2023, implementation of Regulation (EU) 2021/2116, issued pursuant to Article 2 of Law No. 127 of 4 August 2022 (European delegation law) and then amended by Legislative Decree No. 188 of 23 November 2023.

Article 2 of Legislative Decree 42/2023 (included in Chapter II, concerning Sanctions for the violation of the rules of social conditionality) now establishes that farmers or other beneficiaries of direct payments under the CAP who have been “definitively found to be in breach of one or more national rules implementing the articles of the directives listed in Annex IV of Regulation (EU) 2021/2115” are sanctioned (Article 2, para. 1).

Moreover, if such persons are subject to preventive seizure of the farm as part of proceedings for the offences provided for in Article 603-bis of the Criminal Code (illegal brokering and exploitation of labour), the judicial authority must give “immediate notice to the paying agencies, which shall suspend the payment of benefits until the precautionary measure is revoked, unless the judge orders judicial supervision or appoints a judicial administrator to ensure the continuity of the business”(para. 1-bis).

The sanction mechanism is then based on a system of “reductions”, the amount of which is “calculated on the basis of the total amount of payments [...] granted or to be granted to the beneficiary concerned in relation to the payment claims submitted during the calendar year in which the infringement occurred” (Article 3, para. 1 of Legislative Decree No. 42).

These reductions, in accordance with the provisions of Articles 87-89 of Regulation 2021/2116, are graduated, based on the “seriousness, extent, duration or repetition, as well as the intentionality of the non-compliance found” (Article 89(1)(2) of Regulation 2021/2116, which provides that penalties must in any event be effective, proportionate and dissuasive).

In particular, the reduction is established in

three brackets, equal to 3, 5 or 10% of the above-mentioned payments, depending on the seriousness of the infringement, defined according to the criteria set forth by specific decrees of the Minister of Agriculture, Food Sovereignty and Forestry, provided for in Article 25 of Legislative Decree No. 41 (to which we will return shortly); the 10% reduction applies in any case when the infringement concerns more than 8 workers (Article 3, par. 2, Legislative Decree No. 42).

In the original text of the Legislative Decree No 42, the reduction was graded differently and was equal to 1, 3 or 5%, based on the criteria laid down by the Ministerial Decrees. However, Article 85(5) of the reg. 2021/2116 (also applicable - *mutatis mutandis* - to the application and calculation of the penalties in question pursuant to Article 89(1)(3) of the regulation) sets, as a general rule, a reduction of 3% of the total amount of the payments; it also provides that the reduction is to be set at a higher percentage where “the non-compliance has serious consequences with regard to the achievement of the objective of the standard or requirement concerned or constitutes a direct risk to public health [...]”.

For each calendar year, in the case of several infringements committed by a single beneficiary, the highest percentage reduction is applied (para. 6).

However, these percentages of reduction are, in turn, reduced (by 100, 50 and 25 per cent respectively) if farmers or other recipients of payments, after the competent authorities have been notified of an infringement for violation of a national rule implementing the provisions listed in Annex IV of Reg. 2115, “comply, within the timeframe indicated by the said authorities, with the requirements of the rule in question” (para. 5).

An aggravation of the sanction occurs, on the other hand, in cases where the same infringement “persists for more than one calendar year or is repeated another time within three consecutive calendar years”: in this case, the percentage of reduction is 20% of the total amount of the payments (para. 3); finally, if the non-compliance is “intentional”, the percentage of reduction rises to 30% of the total amount of the payments (para. 4).

Also in these cases, the amendment made by

Legislative Decree 188/2023 led to an increase of the percentages, originally fixed at 10 and 15% respectively. On this aspect, Article 89(1) (3) of Regulation 2021/2116), provides, first, that where “the same non-compliance persists or is repeated within a period of three consecutive calendar years”, a reduction percentage of 10% of the total amount of the payments shall apply as a general rule; second, that “further repetitions of the same non-compliance without justification by the beneficiary shall be considered as cases of intentional non-compliance”, in which case a reduction percentage of 15% shall apply.

As mentioned, Article 3(2) of Legislative Decree No. 42 places a significant competence in the hands of the ministerial decree, which is then specifically detailed in Article 25 of the same decree: one or more decrees of the Minister of Agriculture, Food Sovereignty and Forestry are in fact assigned the task of adopting the implementing provisions and criteria for determining the reduction percentages established by a series of provisions of the legislative decree, including, as far as we are interested here, Article 3(2).

A ministerial decree dated 28 June 2023 (published in the G.U. on 11 August) then provided for the preparation of the criteria on the basis of which to graduate the extent of the reductions in question, which - having been issued under the original text of Legislative Decree no. 42/2023, refers to the original percentages set forth therein and not to the higher percentages introduced by Legislative Decree no. 188 (which is dated 23 November 2023); however, in our opinion, this is a discrepancy that does not affect the continued applicability of the criteria established by the Ministerial Decree for the purposes of the application of the three basic reduction bands (in the past equal to 1, 3 and 5% and now equal to 3, 5 and 10% of the amount of the payments).

What is most interesting to note here is that the mechanism determining the evaluation of the severity from which the reduction derives is based on the operation of numerical indices (indicators of severity, evidently) that, added together, determine the reconciliation to the three bands of deductions.

In fact, the table annexed to the Ministerial Decree establishes special indices attributed to

infringements of each article of the directives mentioned in Annex IV of Reg. 2115 and of the internal transposing regulations: they range from low indices, equal to 1 or 2 (scores attributed to infringements of articles of dir. 2019/1152 and the corresponding articles of legislative decree 104/2022) to higher indices, reaching up to 7 (e.g. in the case of infringements of Article 7, Dir. 89/391, concerning protective and preventive services and workers to be designated for health and safety activities or the use of external services). It should be borne in mind that, pursuant to Article 14(4) of Reg. 2021/2115, “The legal acts referred to in Annex IV concerning the provisions to be subject to the system of administrative penalties referred to in paragraph 1 shall apply as in force and as transposed by the Member States”.

Thus, the first band of deductions is intended to operate when the sum of these indices is between 1 and 3; the second band when the sum is between 4 and 18; the third band in cases when the sum is between 19 and 111.

6. Final remarks

The next step in the implementation of the social conditionality in the EU will consist in the alignment of all national systems within 2025, thus completing the harmonisation of the social conditionality rules in all Member States, and making them effective, in terms of protection of workers' rights and the effects on competition.

The difficulties encountered in implementing conditionality at national level, as well as the possible lack of homogeneity between the solutions adopted in each Member State may be an aspect on which the European institutions will have to reflect in the coming years.

From this point of view, it could be appropriate, at the EU level, to intervene through further specifications with respect to the framework outlined by reg. 2116/2021 regarding the control system of social conditionality. It could be relevant to align the criteria for the definition of penalties so that the effectively dissuasive nature of sanctions ensures compliance with the provisions of the directive on occupational safety and health as well as on transparent and predictable employment conditions.

Furthermore, it is not excluded that, in the future, the European Union will reconsider the scope of the application of social conditionality. Among other things, the extension of the rules covered by the mechanism is not at all prejudiced, as indeed hypothesized in the aforementioned recital no. 46 of the Regulation, according to which the Commission, by 2025, should evaluate the possibility of including in the scope of application of social conditionality also art. 7, par. 1, Reg. no. 492/2011 (relating to the free movement of workers within the Union), proposing, if necessary, legislation to this end.

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