

Better protection for farmers against unfair trading practices: Council agrees its negotiating position

On 1 October 2018, EU member states meeting in the Special Committee on Agriculture (SCA) reached agreement on the Council's negotiating position on the Commission's proposal for fairer **relations in the agri-food sector between small farmers and processors, and their larger trading partners.**

The SCA also asked the presidency to **start negotiations** with the European Parliament as soon as the Parliament is ready.

This legislation will put an end to practices such as late payments and retroactive changes to contracts. Farmers will soon have more effective ways of defending themselves from unilateral abuses by large operators. We want a fair agri-food system that rewards farmers for quality, and guarantees them a fair standard of living.

Elisabeth Koestinger, Austrian federal minister of agriculture, forestry, environment and water management and president of the Council

The **distribution of value** in the food chain has often proved to be **unfair in the past**, with farmers only getting a small share of the price paid by consumers for food in the supermarket. As agricultural producers are largely small and medium sized businesses (SMEs), the ability of big operators to use their much larger bargaining power to impose unfair trading practices (UTPs), has been a major factor in this phenomenon.

The Council position builds on the Commission's proposal for a directive which will create a common European framework granting a **minimum level of protection for farmers** against the most obvious UTPs, such as **late payments** for perishable food products, **last minute order cancellations, unilateral and retroactive changes to contracts**, and obligations on the supplier to pay for **wasted products**.

While the Council position **maintains the scope** of the Commission proposal (certain UTPs which occur in relation to the sale of products by a supplier that is an SME to a buyer that is not an SME) it further improves it by:

- including **agricultural products other than food**
- making it **possible** for suppliers to **lodge a complaint in their own member state** and
- clarifying that member states have the possibility of **maintaining or introducing rules** against UTPs that are **stricter** than those at European level.

Next steps

Negotiations with the European Parliament will start as soon as the Parliament has agreed its stance.

A qualified majority is needed for adoption by the Council, in agreement with the European Parliament.

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