

# Fairness in the food supply chain: Commission welcomes Parliament's support to ban unfair trading practices

Following today's vote in the plenary session of the Parliament in Strasbourg, Phil **Hogan**, Commissioner for Agriculture and Rural Development, said: *"Today's vote is fundamentally about fairness for farmers in the food supply chain. The Commission tabled this proposal in April 2018 to ensure that farmers are treated fairly by parties throughout the food supply chain, and to provide this minimum protection all across the EU. This law is one of the key proposals of the Agricultural Markets Taskforce. Today's vote demonstrates our ability to deliver for EU citizens."*

The new European law builds on a proposal tabled by the European Commission and will cover agricultural and food products traded in the food supply chain, banning for the first time up to 16 unfair trading practices imposed unilaterally by one trading partner on another.

The rules voted today will apply to anyone involved in the food supply chain with a turnover of €350 million with differentiated levels of protection provided below that threshold. The new rules will cover retailers, food processors, wholesalers, cooperatives or producers' organisations, or a single producer who would be engaging in any of the unfair trade practices identified.

The new framework grants Member States the authority to enforce the new rules and impose sanctions in case of established infringements. The Commission will also set up a coordination mechanism between enforcement authorities to enable the exchange of best practices.

The unfair trading practices to be banned include: late payments for perishable food products; last minute order cancellations; unilateral or retroactive changes to contracts; forcing the supplier to pay for wasted products and refusing written contracts.

Other practices will only be permitted if subject to a clear and unambiguous upfront agreement between the parties: a buyer returning unsold food products to a supplier; a buyer charging a supplier payment to secure or maintain a supply agreement on food products; a supplier paying for a buyer's promotion, advertising or marketing campaign.

Member States are now expected to formally endorse the new rules before they can enter into force.

## **Background**

The Commission has been working towards a fairer and more balanced food supply chain since the beginning of its mandate. In 2016 the Commission set up the [Agricultural Markets Task Force](#) (AMTF) to assess the role of farmers in the wider food supply chain and make [recommendations](#) on how it can be strengthened. On the basis of these recommendations, the Commission launched an [inception impact assessment](#) and a [public consultation](#) on the improvement of the food supply chain in 2017, which in turn helped identify the specific unfair trading practices that operators frequently consider to be exposed to.

A [recent EU-wide opinion poll](#) published in February 2018 shows that a great majority of respondents (88%) considers that strengthening farmers' role in the food supply chain is important. 96% of the respondents to the 2017 public consultation on the modernisation of the CAP agreed with the proposition that improving farmers' position in the value chain including addressing UTPs should be an objective of the EU's Common Agricultural Policy.

### **For More Information**

[European Commission acts to ban unfair trade practices in the food supply chain](#)

[Agreement on unfair trading practices in the food supply chain will protect all EU farmers](#)

Explanatory brochure on the new rules banning unfair trading practices in the food supply chain in [English](#) and in [French](#).