



18 July 2018

PFP statement on unfair trading practices (UTPs) and initiatives impacting the food supply chain

Primary Food Processors support the engagement of supply chain partners to tackle unfair trading practices at EU level. Primary Food Processors can also be exposed to such practices.

Primary Food Processors buy agricultural raw materials from first producers/cooperatives or traders and transform these into food, feed ingredients which are then sold mostly in bulk form, to manufacturing industries. Contracts are generally negotiated with suppliers and customers over the longer-term to ensure the smooth and transparent running of operations and a continuous supply of raw materials both up-stream and downstream. Only a small share of our products is sold packaged to retailers.

PFP agree with the overall objective of the proposed directive and the main provisions that are designed to address unfair trading practices in the supply chain. The form of a Directive leaves enough room of manoeuvre to avoid duplication for the 20 Member States who already have Regulations in place.

However, in order to exhaustively address potential UTPs, the scope of this Directive should also cover non-SMEs and 2-way relationships: buyer to seller, and seller to buyer. PFP members are for the most part non-SMEs, but they frequently suffer from unfair practices, mostly in relation to buyers. It is incorrect to claim that big market players are able to resolve such issues between themselves: power asymmetries exist at all stages of the food supply chain and do not depend on size.

It must be added however that we consider unfair trading practices to be a much lesser challenge to the competitiveness of our industries than other regulatory initiatives, which have a more critical impact on our activity. To list but a few:

- a. The Commission's proposal on the next CAP, as this will directly influence availability and sustainability of agricultural raw materials at required quality and quantity;
- b. Increased regulatory burden applying to agricultural raw materials (e.g. review of pesticides Maximum Residue Limits in addition to contaminants Maximum Levels), both in EU production and imported agricultural products;
- c. Uncertainty with regard to the ability of European agriculture to have access to new breeding techniques with potentially considerable consequences for the supply chains to improve efficiency and environmental performances;

We fully support the Commission's proposal to curb UTPs, which will provide a standard level of protection across all EU countries. However, we would like to highlight that unfair trading practices affect also large companies, not just SMEs.