

PRESS RELEASE – FOR IMMEDIATE RELEASE

New rules risk serious disruption to the food supply chain

BRUSSELS – 4 December 2018: Independent Retail Europe is convinced that new EU rules on Business to Business Unfair Trading Practices in the Food Supply Chain will create serious distortions and unfairness in the food supply chain in Europe. The new rules are likely to be agreed this week.

Else Groen, Director General of Independent Retail Europe commented “this proposal is a one-way street that aims at increasing farmers’ incomes by protecting SME farmers, processors and manufacturers against unfair trading practices by large retailers. Retailers, large or small, cannot be protected by this legislation even though they are subject to unfair practices from their suppliers.”

The EU is also planning to expand the protections given to SMEs farmers and manufacturers to large food manufacturers and processors. In addition, the EU will penalise small retailers, who have no bargaining power, by giving powerful suppliers the right to complain against SME retailers through perverse relative market power rules. “Where is the fairness in this? Powerful suppliers can complain against small and mid-sized retailers but those retailers are unable to complain about unfair behaviour from those suppliers,” added Else Groen.

Else Groen also warned “Member States should also realise that this goes beyond minimum harmonisation as it overturns existing EU and national laws. Size alone cannot be a proxy for negotiating power, this depends more directly on the type of product in question, the sector, the level of competition in the local market, and the possibility to substitute the product. Comparing the number of employees in manufacturing and in retail is also an inappropriate measure of relative market power. Manufacturing is largely automated, whereas retail requires large numbers of employees to staff check outs, counters and warehouses as well as stack shelves. In short, retailers risk to be doubly penalised under any such approach.

These ideas will negatively affect the competitiveness of local, smaller retailers, who are in many countries already in a weak competitive situation, as they will refrain from negotiating. This will inevitably lead to higher consumer prices as their trading partners will be able to impose their conditions and prices. Ironically, it is often these smaller retailers that can still be found in rural areas and actually help farmers to reach a wide range of customers.”

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Note to Editor: *Independent Retail Europe represents groups of independent retailers at EU level. We group together over 373,000 independent retailers across Europe, with a combined retail and wholesale turnover of over 1 trillion euros. Our members are directly responsible for over 6.34 million jobs in the European retail sector.*