

Press statement

The European Commission's proposal to shorten payment terms will hit SME retailers

While Independent Retail Europe values the objective of the [Commission proposal on combating late payments](#) to increase SMEs' financial resilience, we warn that it will achieve the opposite for SME retailers. The proposed rules will in practice weaken their financial position and favour wealthy large international suppliers to the detriment of their SME clients.

For SME retailers (and any enterprise at the end of any supply chain), a 30-day payment deadline will undermine their financial situation and profitability. In practice, it will force them to sell rapidly their products, therefore at a lower price, to be able to settle invoices with their suppliers as retailers will generally need more than 30 days to sell any goods to consumers that they have bought from suppliers. This puts them in a structural squeeze, which will inevitably erode their already low (1-3%) net profit margins, increasing their fragility.


The proposal will also paradoxically safeguard the interests of industry giants to the detriment of SMEs. For instance, small electronic retail shops will be compelled to pay their large international manufacturers within 30 days.

Applying the 30-day rule to Non-Perishable Foods circumvents the Commission's legal obligation

Surprisingly, the Commission proposes to extend the 30-day term to the supply of non-perishable food products regulated differently under the [Unfair Trading Practices \(UTP\) Directive](#). This inclusion bypasses the legal obligation placed on the Commission to evaluate the effect of the UTP Directive in November 2025 before proposing any change. Such changes without a comprehensive assessment will create unintended disruptions, especially as the UTP Directive is not applicable to very large suppliers, contrary to the Commission proposal on late payments.

Therefore, we call on EU policy makers to strike a better balance between fair payment terms and economic sustainability to **ensure the resilience of the retail sector and its diverse ecosystem.**

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About Independent Retail Europe:

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 23 groups and their over 417.800 independent retailers, who manage more than 753.500 sales outlets, with a combined retail turnover of more than 1,320 billion euros and generating a combined wholesale turnover of 513 billion euros. This represents a total employment of more than 6.500.000 persons.

