New report offers ways forward for Europe in tackling supply chain abuse

A new report has identified how the European Union can take steps to ensure fair play in the grocery market. The report, which was commissioned by international and European organisations concerned with the how the food sector currently impacts upon on farmers, workers and consumers, looks at how EU member states tackle unfair commercial practices in dealings between retailers and suppliers.

Of 15 member states reviewed, 10 have already taken steps to inhibit unfair and imbalanced commercial relationships using a combination of both soft and hard legislative measures. Five other Member states are currently in the process of implementing measures to address the same problem. Two member states have already had to ratchet up their policy solutions, because their initial solutions developed were too soft.

Speaking about the report, by the British Institute for International and Comparative Law (BIICL) NFU Director of Corporate Affairs, Tom Hind said “the challenges that suppliers face in dealing with abusive behaviour from supermarkets and others big businesses is not unique to British farmers but to those in developing countries and other parts of the EU. That’s why we felt it was important to collaborate on this important research”

Fiona Gooch, Traidcraft’s Senior Policy Adviser, said “As the food industry becomes more multinational, increasingly there will be a case for the EU to ensure some consistency and effective enforcement across all member states. Failure to act would not only have a detrimental impact on farmers across the EU and in developing countries but ultimately undermine consumer choice in the long-term. Swift action by the EU is needed to stop unfair business practices being applied within the food supply chains. This report highlights practical and effective way forward to remedy this situation.”
The report outlines a range of possible enforcement options that EU policy makers could consider and suggests that a framework of solutions may be the most suitable approach. In making the decision of how to regulate these issues, the EU should consider the following characteristics of enforcement identified in this study as being favourable including:

- Standards based on the idea that a retailer must deal with its suppliers fairly, lawfully and in good faith, without duress and in recognition of its suppliers’ need for certainty (i.e., a foundation of fair dealing);
- A framework to adequately address unreasonable imbalances of bargaining power;
- The creation of a dedicated adjudicator or ombudsman;
- Routine publication of reports in the food sector to identify good and bad practice;
- A mechanism to allow anonymous complaints;
- Use of enforcement measures with ‘teeth’, e.g., financial penalties.
- The possibility for ex officio investigations;
- A binding instrument that regulates conduct through, e.g., the imposition of obligations to change business structures;
- A framework that can be accessed by all suppliers in the food supply chain, whatever their geographical origin;
- The availability of commitment procedures

The report will contribute to the debate taking place among EU institutions. In January 2012 the European Parliament adopted a resolution on imbalances in the food distribution chain. The European Commission is also discussing these issues and has convened a High Level Forum for a Better Functioning Food Chain that is due to complete its work this summer.

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The NFU is the voice of British farming and provides professional representation and services to its farmer and grower members.

Traidcraft fights poverty through trade, helping people in developing countries to transform their lives. Established in 1979, Traidcraft runs development programmes in some of the poorest countries in the world, and campaigns in the UK and internationally to bring about trade justice.

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The Fair Trade Advocacy Office is a joint initiative of Fairtrade International, the European Fair Trade Association (EFTA) and the World Fair Trade Organization-Europe (WFTO-Europe). The Fair Trade Advocacy Office (FTAO) speaks out for Fair Trade and trade justice with the aim to improve the livelihoods of marginalised producers and workers - especially in the South. More information under www.fairtrade-advocacy.org

“Models of Enforcement in Europe for Relations in the Food Supply Chain” report was produced by British Institute of International and Comparative Law
The report was commissioned by the following international and European organisations concerned with impact on farmers, workers and consumers of the current operation of the food supply chain serving the EU market:

- Consumers International,
- Fair Trade Advocacy Office.
- Boerenbond, Belgium;
- Christliche Initiative Romero (CIR), Oxfam Germany;
- Centre for Research on Multinational Corporations (SOMO), Holland;
- Association of Conscious Consumers, Hungary;
- Coldiretti, Italy;
- Traidcraft and NFU, UK

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