Press release

Commission passes on hot potato on Unfair Trading Practices

15 July 2014 (Brussels) – The European Commission has missed the chance today to push for a level playing-field and robust enforcement mechanism on Unfair Trading Practices. Instead, it calls on industry and EU Member States to take action and delays its decision to end 2015. The Fair Trade movement regrets the negative impact this non-decision will have on workers and farmers supplying the EU market.

The European Commission issued today a Communication Tackling unfair trading practices in the business-to-business food supply chain as a follow-up to the Green Paper on Unfair Trading Practices of 31 January 2013. In this policy document, the European Commission has decided, for the moment, neither to legislate nor to put in place a robust enforcement mechanism against Unfair Trading Practices.

The Fair Trade Movement is satisfied that the European Commission recognises that Unfair Trading Practices have a negative impact on “weaker parties in third countries, including in developing countries” and the existing “fear factor” amongst suppliers. It is also satisfied that the Commission realises that the “Voluntary Supply Chain” initiative, set up by a number of industry trade associations, does not guarantee sufficient confidentiality for suppliers and that, without independent enforcement mechanism, the initiative is not sufficient to be effective.

In light of the pertinent analysis by the European Commission services, the Fair Trade movement is therefore all the more disappointed by the lack of political courage to put in place a level-playing field on Unfair Trading Practices and a robust enforcement mechanism at EU level, which would be the logical consequence of the serious issues identified by the Commission services.

Over 43,000 signers from Europe and Latin America had called earlier this year on the European Commission to put in place a robust EU enforcement mechanism against the abuse of power in supply chains. Unfair Trading Practices affect millions of producers in and outside of the EU but also the quality and range of the food which we are able to buy in Europe. The failure to act by the EC will result in a continuation and increase of short-notice forced overtime being required of farmers and workers as well as poverty incomes on precarious contracts. It will also continue creating food waste.

Voluntary codes with inappropriate enforcement had already been tried in the UK with the clear result that a system that does not guarantee anonymity is not equipped to overcome the “climate of fear”. This situation prevents suppliers from complaining in the first place because it would jeopardise their economic existence if they were delisted as a retaliation for a complaint they raised against their abusive buyers.

The announcement by the Commission coincides with the appointment of its new Head, Jean-Claude Juncker, who stated in his programmatic agenda presented today to the European Parliament “We need more fairness in our internal market.”

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1 Press release and memo issued today can be found under: http://europa.eu/rapid/press-release_IP-14-831_en.htm
3 The British Institute of International and Comparative Law recently issued a report setting out how European Enforcement mechanism should be set up to stop Unfair Trading practices (UTPs) within food supply chains serving the EU market. Please see here - http://www.biicl.org/newsitem/6070 and http://www.biicl.org/files/6952_biciel_enforcement_mechanisms_report_-_final.pdf for more information.
4 Catalyst for change” National Farmers Union 2012 report www.nfounline.com/assets/6106
5 Jean-Claude Juncker programmatic agenda A new start for Europe: My agenda for Jobs, Growth, Fairness and Democratic
Sergi Corbalán, Fair Trade Advocacy Office Executive Director stated “We welcome the commitment to fairness by the new European Commission President and ask him to put in place as soon as possible a level playing field and robust enforcement mechanism against Unfair Trading Practices”.

ENDS

The Fair Trade Advocacy Office (FTAO) speaks out on behalf of the Fair Trade movement for Fair Trade and Trade Justice with the aim to improve the livelihoods of marginalised producers and workers in the South. The FTAO is a joint initiative of Fairtrade International, the European Fair Trade Association and the World Fair Trade Organization-Europe. Through these three networks the FTAO represents an estimate of 2.5 million Fair Trade producers and workers from 70 countries, 24 labelling initiatives, over 500 specialised Fair Trade importers, 4,000 World Shops and more than 100,000 volunteers.

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