

The debate about unfair trading practices started at EU level with the European Commission communication: [A better functioning food supply chain in Europe \(2009\)](#). Concerns were raised because from mid-2007 prices along the food supply chain have fluctuated widely. The European Commission started monitoring the prices of the food market and two years later presented in their communication the results of a quite malfunctioning food supply chain. The lack of market transparency, inequalities in bargaining power and anti-competitive practices had led to market distortions with negative effects on the competitiveness of the food supply chain as a whole. Similarly, price rigidities have negatively affected the adjustment capacity and innovativeness of all the industries along the supply chain.

The European Commission had asked the High Level Group on the Competitiveness of the Agro-Food Industry to present some policy recommendations to contribute to a better functioning of the food supply chain. The European Commission supported the Group's recommendations and proposed a way forward by replacing in 2010, the Group with the High-Level Forum for a Better Functioning Food Supply Chain, which would follow and provide advice on the implementation of the recommendations.

After more investigations and communications with the European Parliament, the Commission decided not to foresee regulatory action at an EU level, but to encourage stakeholders and Member States to tackle UTPs in an appropriate and proportionate manner, taking into account national circumstances and best practice. In addition, the Commission encouraged operators in the European food supply chain to participate in the Supply Chain Initiative.

The [Supply Chain Initiative](#) was launched in 2013 by 8 EU level associations that represent the food and drink industry. It is a voluntary scheme whose purpose is to promote fair business practices in the food supply chain as a basis for commercial dealings. It aims to generate a culture change through a commitment of signatories to fair trading practices coupled with measures aimed at integrating those principles into company day-to-day operations.

Although the principles of the Supply Chain Initiative are good, we regret that the European Commission strategy to eliminate unfair trading practices relies on a voluntary scheme. The Supply Chain Initiative has been proved to be inefficient when effectively addressing unfair trading practices. The Supply Chain Initiative counts with two options of dispute resolutions: individual disputes and aggregated disputes. Both of them are not satisfactory to eliminate the so called "fear factor" of the weakest parties. Although the Supply Chain Initiative has been successful in gathering a large number of companies to sign up the voluntary register, the number of complaints resolved within four months – which is one of the performance indicators chosen by the Supply Chain Initiative itself- is very low. The Supply Chain Initiative is good to encourage fair trading practices but not effective to eliminate unfair trading practices.

At national level, Member States have timidly started to put in place legislation to address unfair trading practices. Their approach is very different; some Member States have introduced detailed specific legislation like Czech Republic, Slovakia and Hungary, while others, for example Germany and Austria, have general legal provisions requiring an assessment on a case-by-case basis. Belgium and the Netherlands have opted for a national voluntary platform and Denmark, Sweden and Poland have no legislation or voluntary scheme at all.

In 2013, the European Parliament asked the European Commission to review the practical effects of the voluntary initiativeⁱ. The European Commission with the communication: “[Tackling unfair trading practices in the business-to-business food supply chain](#)” (2014), replied that their assessments will be published in a report by DG GROW in 2015. The European Commission went further from the original request of the European Parliament. They monitored and assessed the progress made in tackling unfair trading practices by evaluating (i) the actual impact of the Supply Chain Initiative and its national platforms and (ii) the enforcement mechanisms set up by Member States. The results were included in a [report](#) that was finally published in January 2016 and that unfortunately, expressed no change in the European Commission position regarding its strategy on unfair trading practices.

Meanwhile in the European Parliament, the IMCO committee was elected to elaborate a response to the European Commission communication of 2014. The Czesak report will be voted the 6th June 2016 at plenary. We in the Supply Cha!nge, have been focusing our efforts to obtain a strong report and convince the less favourable factions of the European Parliament to ask the Commission to take steps to ensure effective enforcement mechanisms, such as the development and coordination of a network of mutually-recognized national authorities at EU level so that unfair trading practices are effectively eliminated from the food supply chain.

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ⁱ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2013-0580>, P7_TA(2013)0580. European retail action plan for the benefit of all actors. European Parliament resolution of 11 December 2013 on the European Retail Action Plan for the benefit of all actors (2013/2093(INI))