

# Unfair trading practices in the food supply chain

To strengthen the position of smaller operators (farmers) in the food supply chain, the European Commission adopted a proposal for a directive on unfair trading practices. The Parliament and Council reached a negotiated agreement on the proposal, which is scheduled to be voted by Parliament at first reading during the March I plenary session.

## Background

The origins of the Commission's proposal are traceable to the recommendations of the [Agricultural Markets Task Force](#) and [High-Level Group on the Competitiveness of the Agro-food Industry](#). The consensus was that unfair trading practices (UTPs) occur in the food supply chain, with smaller operators more vulnerable to these practices due to their weaker bargaining power compared to larger operators. While legislation on UTPs already exists in the majority of EU countries, the provisions of such legislation vary significantly and there is little coordination between EU Member States.

## European Commission proposal

On 12 April 2018, the Commission adopted a [proposal](#) for a directive on unfair trading practices in business-to-business relationships in the food supply chain. The proposal focuses on the protection of smaller actors in the food supply chain, and aims to protect them from trading practices imposed unilaterally. The proposal provides for a directive rather than a regulation. This gives leeway for Member States while providing an EU-wide framework and ensuring a level playing field. Member States would be obliged to designate a public authority charged with enforcing the rules. This body would be able to conduct investigations, impose fines in case of proven infringements and cooperate with counterparts in other Member States.

## European Parliament position

On 1 October 2018, Parliament's Committee on Agriculture and Rural Development (AGRI) adopted its [report](#) on the proposal. While welcoming it as a long-expected legislative instrument to defend the position of agricultural producers in the food supply chain, the AGRI committee proposed amendments, including adding a definition of 'unfair trading practice', and extending the scope of suppliers and buyers in the food supply chain and the scope of products to all agricultural products (i.e. not only food products).

In trilogue negotiations, Parliament and Council negotiators reached an agreement on 19 December 2018, after six meetings. Parliament's negotiating team achieved important modifications to the legislative text, especially on widening the scope to agri-food businesses bigger than SMEs (up to a certain threshold) and an extension to the list of prohibited unfair trading practices. The compromise text agreed in trilogue was endorsed by Member States' representatives in the Council, and then approved in the AGRI committee meeting on 23 January 2019. The text now needs to be formally adopted by Parliament, and it is scheduled to be voted during the March I plenary session.

First-reading report: [2018/0082\(COD\)](#); Committee responsible: AGRI; Rapporteur: Paolo De Castro (S&D, Italy). For further information see our 'EU Legislation in progress' [briefing](#).

