



Unfair trading practices in food supply chain

EP IMCO Workshop: Unfair Trading Practices in the B2B food supply chain (UTP)

Paulo Gouveia, 24th March 2015

Structure of the Presentation:

- 1. The importance of the Food Chain***
- 2. An unbalanced food supply chain***
- 3. Actions needed***

1. The Importance of the Food Chain

- ✓ The combined agricultural and food sector accounts today for 30 million jobs (13.4% of total employment) and for 3.5% of total GVA in the EU-28
- ✓ Agriculture and agri-food industry's turnover exceeds 1420 billion euro/year
- ✓ The biggest EU manufacturing sector

2. An unbalanced food supply chain

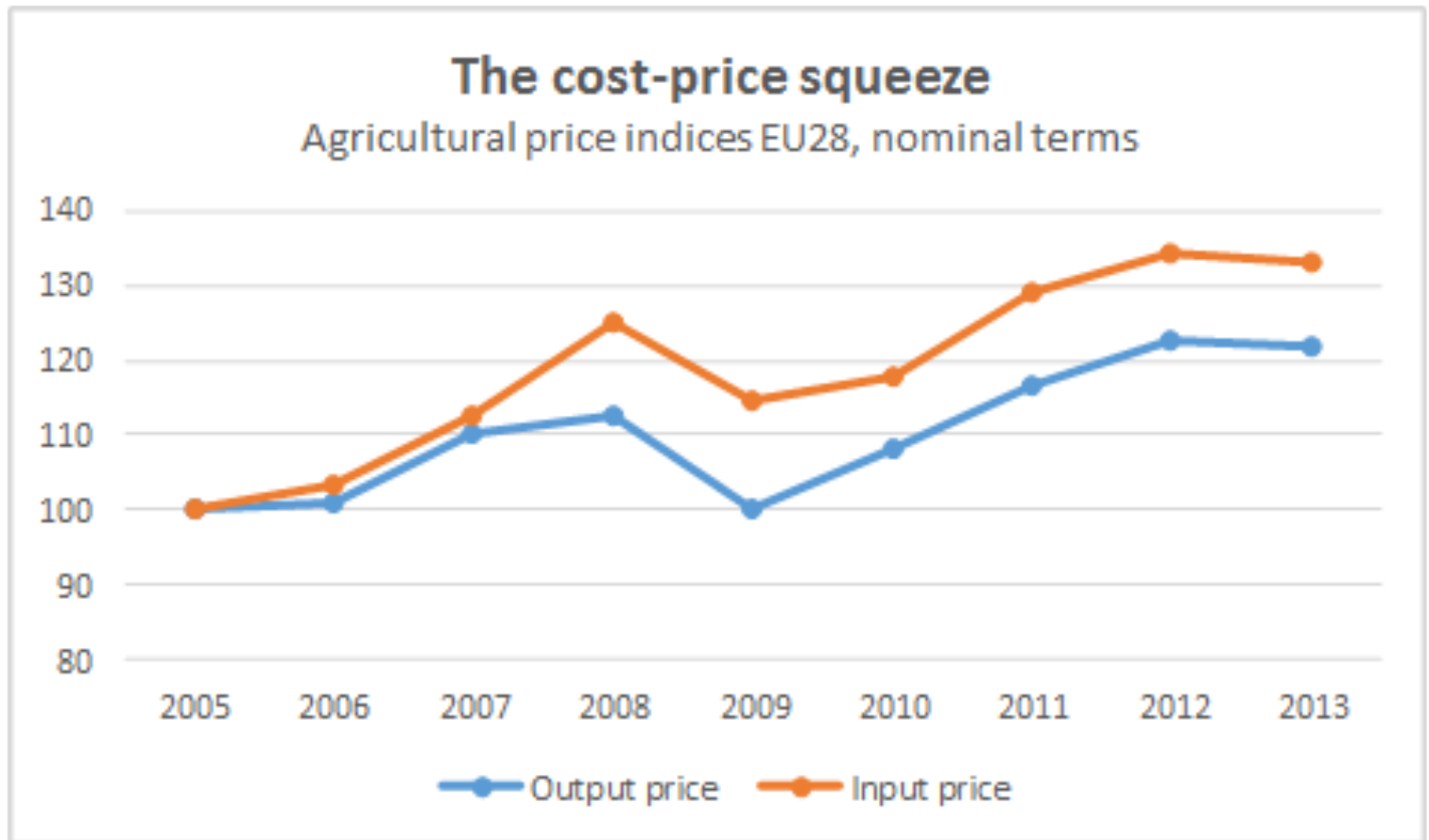


2. An unbalanced food supply chain

The causes:

- Increasing globalisation;
- Farmers are weak sellers;
- Processing Consolidation;
- Retail consolidation;
- Ferocious competition amongst retailers;
- Unfair and abusive commercial practices.

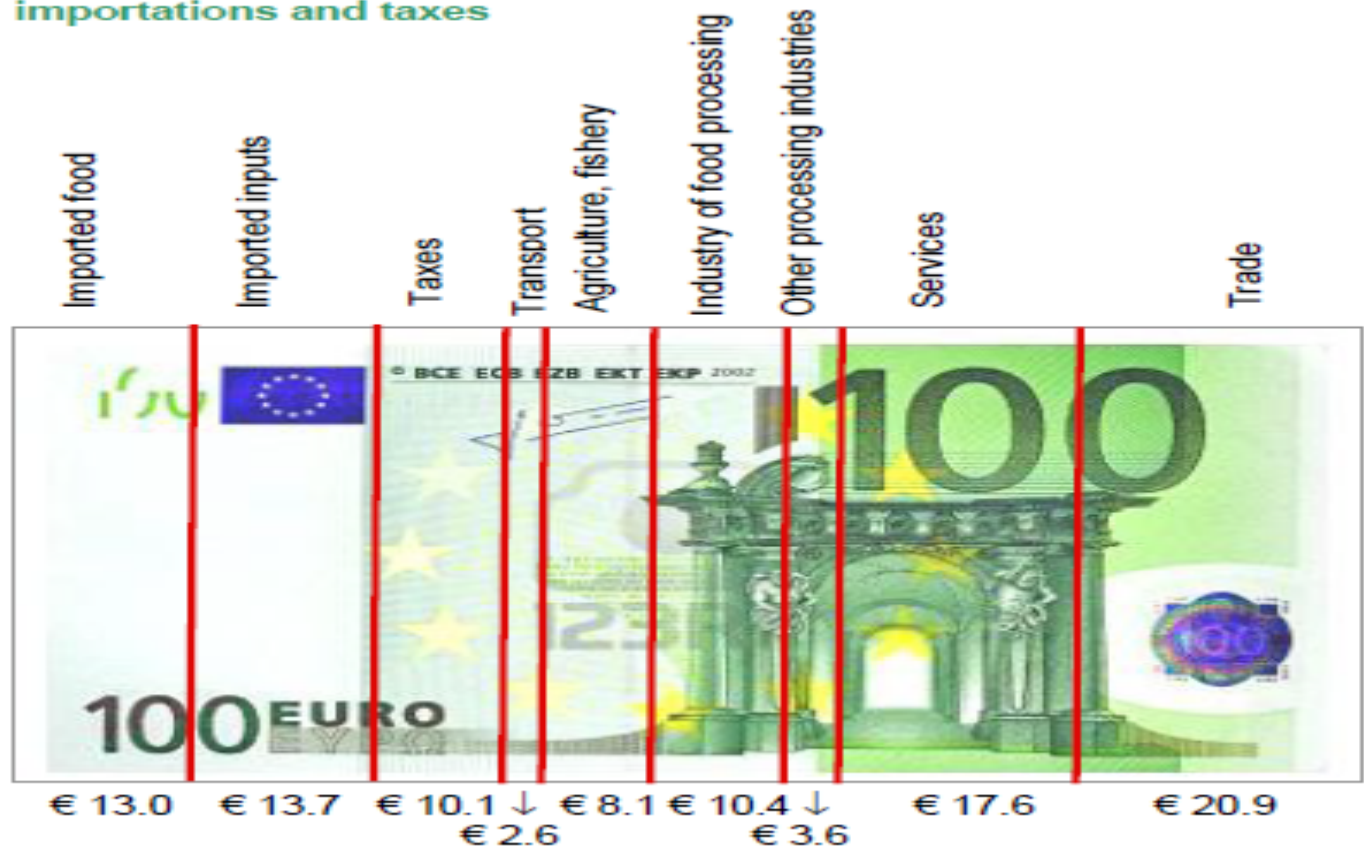
Evolução de preços na cadeia alimentar, EU-28; preços nominais (2005=100)



Fonte: Eurostat, Contas Económicas da Agricultura

2. An unbalanced food supply chain

Figure 3
The 2010 “food Euro” decomposed into values added, importations and taxes



Source : INSEE, Eurostat, calculation FranceAgriMer – OFPM from INRA

2. An unbalanced food supply chain

The consequences:

- Relentless downward pressure on prices;
- Farmers, in many cases, do not cover production costs;
- Insufficient investment in farm business;
- Farmers abandoning sector and activity;
- Risk for the consumer of a reduced choice and flexibility of supply.
- Distortion of competition and impacts on the functioning of the Internal Market

3. Actions Needed

At European level:

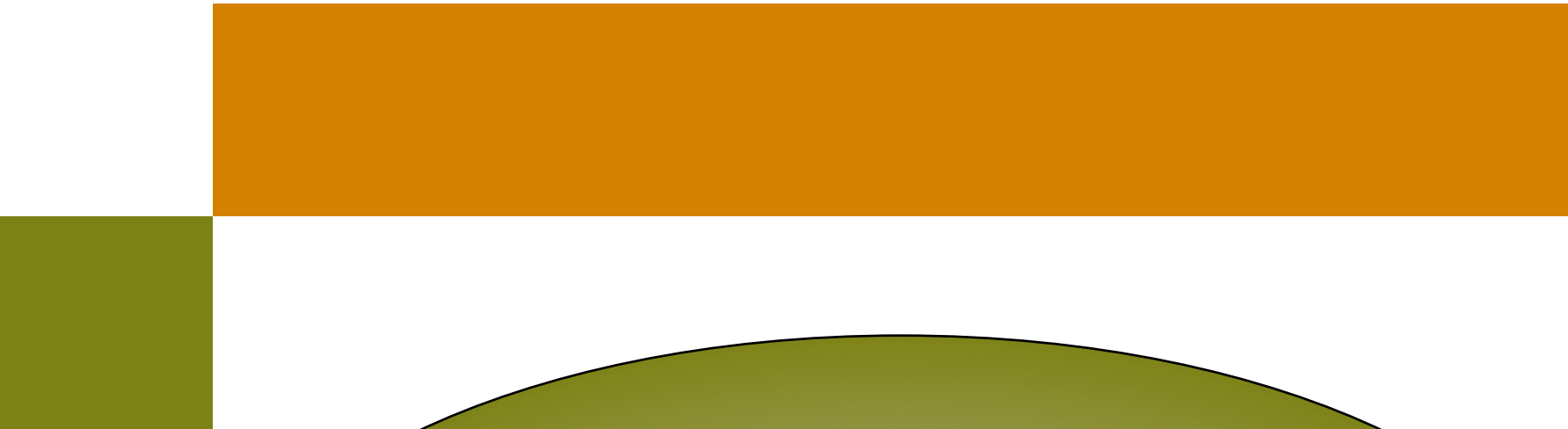
- ✓ Develop and review legislation impacting on the functioning of the Internal Market and Competition Law
- ✓ Develop a Directive on B2B unfair trading practices (UTPs)
- ✓ Ensure the enforcement of legislation through an independent third party (e.g. Ombudsman)

3. Actions Needed

At European level:

- ✓ Legislation to work alongside self-regulatory (voluntary) agreements
- ✓ Coordinate and harmonise the approach and actions of National Competition Authorities (NCAs)

Need to achieve a Fair, functional and transparent food chain



Thank you!

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