

PRESS RELEASE

New report from the European Commission is labelled a ‘missed opportunity’ by campaigners

29 January 2016 (Brussels) –

A new report from the European Commission on unfair trading practices in the food supply chain has been branded ‘a missed opportunity’ by campaigners.

The European Commission’s report “Unfair Business-To-Business Trading Practices (UTPs) in the Food Supply Chain” was published today. But the Brussels-based Fair Trade Advocacy Office and UK fair trade organisation Traidcraft claimed that the Commission has missed the opportunity to take the lead in stopping abusive business practices, which impact on many hardworking farmers, workers and businesses in Europe and beyond. Instead, the Commission has passed responsibility to a voluntary initiative set up by the private sector and to EU Member States.

Sergi Corbalán, Executive Director of Fair Trade Advocacy Office said: “Across Europe we have seen food sales concentrated into fewer and fewer hands. Retailers operating in several EU Member States have centralised their sourcing, which limits the ability of national enforcement authorities to tackle Unfair Trading Practices in their jurisdiction. We call on the Commission to set up cooperation structures to promote the exchange of information and joint investigations by EU Member States. All farmers supplying the European market should be able to make complaints anonymously, regardless of which country they are based in, outside or inside the EU”.

Fiona Gooch, Traidcraft Senior Policy Adviser said: “Just earlier this week, UK supermarket watchdog the Groceries Code Adjudicator found Tesco guilty of consistently under-paying suppliers or paying late in order to artificially inflate their profits. Tesco operates across Europe and their early membership of the voluntary Supply Chain Initiative did not deter these outrageous practices. Market information suggests that it is likely that other retailers have acted in a similar way to remain competitive. Inaction by the European Commission leaves suppliers exposed to unfair trading practices (UTPs) that include late payments, unilateral changes to contracts and the unfair shifting of risk onto suppliers. Research shows that when supermarkets dump risk onto their suppliers in the form of delayed payments or additional costs, these risks are often passed on down the supply chain. This can ultimately lead to the exploitation of workers and producers in developing countries. For consumers, the effect of cut corners is less product innovation and a greater risk of things like the horsemeat scandal happening again.”

50,000 European citizens have signed the Make Fruit Fair! petition urging the Commissioner Bieńkowska to make a legislative proposal to tackle Unfair Trading Practices.

ENDS

Notes for Editors

1. EC Report on “Unfair Business to Business Trading Practices in Food Supply chains”
http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8648&lang=en
2. More information on the FTAO Power in Supply Chains campaign: www.fairtrade-advocacy.org/power
3. Recent report highlighting how workers and farmers bear the risk of unfair trading practices. ‘Banana splits: Bananas, supermarkets, and a tale of Unfair Trading Practices’ is available to download at <http://www.fairtrade-advocacy.org/ftao-publications/press-releases/press-release-2015/867-the-human-cost-of-cheap-bananas#sthash.SJt8tN2v.dpuf>
4. Recent photos of banana and pineapple production in Costa Rica are available at www.flickr.com/photos/bananalink/albums/72157658379715533 . The photos are from Feedback (<http://feedbackglobal.org/>) who undertook field research in Costa Rica for the report. Please feel free to use any of these photos, credited to Feedback.
5. UK Groceries Code Adjudicator released report 26 January into investigation of Tesco breach of Groceries Supply Code of Practice, a fair purchasing code. GCA conducted a thorough investigation covering the period from 25 June 2013 to 5 February 2015 and found the retailer had acted unreasonably when delaying payments to suppliers, often for lengthy periods of time, sometimes making unilateral deductions from suppliers.
<https://www.gov.uk/government/news/tesco-breached-code>
6. Tesco Group Food division is the centralised sourcing department for fresh food and store-brand grocery products and was set up in 2010. Tesco sources products from more than 70 countries which are then sold through different retail formats in the countries Tesco operates in.
7. The British Institute of International and Comparative Law report sets out how Unfair Trading Practices can be stopped in EU supply chains:
www.biicl.org/documents/188_fair_relations_in_the_food_supply_chain.pdf
8. More information on the Make Fruit Fair campaign: www.makefruitfair.org

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