

Effective enforcement of the Unfair Trading Practices Directive necessary for fair supply chain

Press Release, Brussels, 1 November - **Today marks the entry into force of pioneering EU legislation on trading practices to ensure a fair and competitive food supply chain. It is unfortunate, however, that a number of EU Member States have failed to incorporate this legislation into their national legal systems, as the Commission's transposition status update report, released on 27th October, shows.**

The Directive on Unfair Trading Practices in the food supply chain (UTP Directive), adopted by the EU on 30 April 2019, was widely supported across the production chain, by farmers, producers and manufacturers of all sizes, big, medium and small. AIM, the European Brands Association, and FoodDrinkEurope, representing the largest manufacturing industry in the EU, spearheaded the food chain's support for a fair, sustainable and competitive supply chain in Europe, to benefit consumers and businesses alike.

A majority of EU countries have now passed the necessary legislation to transpose the Directive into their national legal systems and we particularly welcome the national legislative frameworks that have included an extended scope. However, some Member States have failed to transpose the Directive into national legislation, in spite of the fact that six months have already passed since the 1st of May transposition deadline.

The European Commission's latest [survey](#) on the issue, released in late April, once again highlights how critical the challenge remains. 86% of companies surveyed were confronted with UTPs by retailers and wholesalers; indeed 76% of the cases reported in the survey are due to unfair practices by retail and wholesale operators.

The Covid-19 pandemic has also had a noteworthy impact on the prevalence of UTPs, with 19% of companies reporting that they have experienced more UTPs since the beginning of the crisis. The importance of a well-functioning food supply chain was evidenced more than ever during the pandemic, as farmers, producers and manufacturers safeguarded food production and ensured supply to consumers across the EU. UTPs have an extremely negative impact on the proper functioning of the chain.

As we now focus on recovery and resilience, we call upon all EU Member States to properly transpose and effectively enforce this new EU legislation without undue delay, to put an end to unfair trading practices in the supply chain in Europe. We also urge the European Commission to ensure that the UTP Directive is correctly transposed and effectively implemented by EU Member States.

With this in mind, the Commission should pursue infringement proceedings launched in late July against Member States that have not yet transposed the Directive into national law, as well as

build the necessary IT interface to allow the exchange of information between national enforcement authorities and the Commission.

Finally, we call on EU lawmakers to ensure the coherence of UTP rules with those currently being negotiated as part of the proposed regulation for a Digital Markets Act for the online world. EU legislation on trading practices should be channel-neutral and apply equally offline and online. Failing this, increased legal uncertainty, administrative burden and compliance costs , especially for SMEs, will be unavoidable.

About AIM

AIM (Association des Industries de Marque) is the European Brands Association, which represents manufacturers of branded consumer goods in Europe on key issues that affect their ability to design, distribute and market their brands. AIM's membership comprises 2500 businesses ranging from SMEs to multinationals, directly or indirectly through its corporate and national association members.

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About FoodDrinkEurope

FoodDrinkEurope represents the food and drink manufacturing industry. Made up of 291,000 businesses, of which 99% are SMEs, with 4.8 million employees. The food and drink industry buys 70% of all EU agricultural produce and is Europe's largest manufacturing industry.

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