BEUC The European Consumer Organisation

The Consumer Voice in Europe

European Parliament
Rue Wiertz 60

B – 1047 Brussels

Ref.: BEUC-X-2018-091

19 October 2018

Re: Unfair Trading Practices - AGRI Committee report harms consumers: Please vote to reject request to enter trialogue negotiations

Dear Member of the European Parliament,

We have been informed that the AGRI committee will be seeking a mandate to directly enter negotiations with the European Commission and the Council on the Unfair Trading practices (UTPs) proposal, without a plenary vote, on the report adopted at committee level. The announcement is expected to be made at the beginning of the plenary session starting on Monday 22 October.

The European Consumer Organisation (BEUC) is strongly concerned about the far-reaching position of the AGRI committee and believes that the entire European Parliament should be able to scrutinise the AGRI report and act to protect consumer choice and prices.

According to the European Parliament's Rules of Procedure (Rule 69c), a request for a plenary vote on the negotiating mandate must be tabled by at least 76 MEPs. **We urge you to request in writing by Tuesday 23 October that the request of the AGRI committee to enter into negotiations be put to the vote in plenary. And in the event such a vote will take place, we urge you to reject the AGRI mandate**.

BEUC concerns on the AGRI report are twofold:

- **The scope of the original Commission proposal has been extended to cover not only small and medium sized food and farming businesses, but also big ones**. However, we struggle to understand the justification for granting extra protections to large agri-cooperatives and food companies in their contractual relationships with retailers. Instead of protecting SMEs, the AGRI report creates a situation whereby large producers will be able to exercise pressure on operators across the whole supply chain in their own economic interest.

  Indeed, the findings of the European Commission's study on modern food retail (2014) revealed an heterogeneous picture when it comes to power imbalances between retailers and their suppliers, depending on the Member State and the product category considered. According to this study, there were as many situations in favour of retailers as there were situations in favour of suppliers. Should particular national situations require further attention, it would in any case remain possible for national authorities to act, as the UTPs Directive follows a 'minimum harmonisation' approach.

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- **The list of trading practices considered as always or conditionally (i.e. subject to an upfront agreement) unfair has been considerably expanded by the AGRI committee, without any proper assessment of what the impact will be on consumers**, both in terms of affordable food prices and choice.

  Amendment 65 would effectively prevent retailers from asking their suppliers to follow higher animal welfare and environmental standards than is required by law. Amendment 64, which pursues a similar goal, would risk halting efforts towards more responsible buying by retailers to meet consumer demand for e.g. fruit and vegetables produced with no or fewer pesticides, better animal welfare, more responsible use of antibiotics, or meat from animals that were not fed GMOs.

  Another example is amendment 56 which would ban the possibility for retailers, including smaller ones, to organise joint purchasing groups. This would have a negative impact on consumers, because retailers will lose the bargaining power to obtain better prices from suppliers that can be translated into more competitive deals for consumers. Eventually, it would strengthen the bargaining position of large suppliers, and as a consequence could lead to higher retail prices for consumers.

Because of these amendments introduced by the AGRI committee, there is a serious risk that consumers could be prevented from wider choices and better prices. This will weaken the competitive landscape in the food supply chain, at the detriment of consumers and the economy as a whole.

Against this background, **it is vital that the plenary can vote on the AGRI report to refocus its content** on elements that will effectively result in a fairer, well-functioning food supply chain that delivers high quality, affordable products to European consumers.

We thank you in advance for considering our comments and remain at your disposal for any question you may have.

Yours faithfully,

Monique Goyens
Director General

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