



Agriculture ■ Rural Development ■ Environment

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SPECIAL ISSUE ON LARGE RETAIL SECTOR

OPINION ► FULL TEXT

You can find the full opinion at the following link:

➤ <http://bit.ly/10gVZJD>



THE DEBATE ► PODCAST

During the meeting that took place on January 9th the Committee held a **public debate on the agri-food chain**.

Javier Guillem (Valencia University, Spain) and Adam Bedford (National Farmers Union, UK) took the floor.

Are you interested but you missed it? You can listen to our podcasts in different languages:

➤ <http://bit.ly/YpCIVV>

OWN INITIATIVE OPINION - NAT/ 571 “LARGE RETAIL SECTOR”

On 9 January, the NAT section adopted an own initiative opinion concerning the current state of commercial relations **between food suppliers and the large retail sector**.

The opinion takes stock of the current situation and points out how the retail industry has stepped up its pressure on food suppliers, sometimes with dramatic consequences (i.e.: loss of food sovereignty in some countries).

The opinion also puts forward arguments demonstrating the lack of true "contractual freedom", which is sometimes invoked by those opposing the regulation of commercial relations.

It also highlights the current extent of abusive practices that harm the public interest, and even the economic interests of certain Member States.

The opinion will be debated and adopted during the next Plenary session, on 14-15 February 2013.

**Find a summary
of the key points
on the reverse**



OPINION NAT/571 - KEY POINTS

THE FACTS

A WORSENING SITUATION

➤ According to statistics on market share, a handful of retailers control most of the food market in Member States. **The rapid growth of large retailers often takes place at the expense of SMEs** (small and medium-sized enterprises).

➤ In Germany four companies control 85% of the market; four large retailers control 76% of the UK market. In Austria, three retailers control 82% of the market, while in both France and the Netherlands 65% of the market is controlled by five companies and so on.

➤ Thanks to their buyer power, large retailers are therefore able to **impose their own terms**, which can often represent **an abuse of buyer power**.

➤ 84% of European suppliers to the large retail sector were victims of breach of contract in 2009; 77% were threatened with product delisting unless they gave the supermarkets unjustified benefits; 63% saw a reduction in their invoice price for no valid commercial reason.

➤ In Central and Eastern Europe the situation is particularly worrying, as the large retail sector is largely in the hands of foreign companies who have special contacts with suppliers in their own countries or in countries where they have been in business for longer. **The result is the decline of the agro-food sectors in certain countries.**

INADEQUATE REMEDIES

➤ The European Commission recommends that farmers and SMEs **group together** to increase their negotiating power. However, **these types of initiatives have been penalised by the national competition authorities** of a number of Member States where businesses have joined forces in this way on the pretext that such groupings constitute "cartel agreements".

➤ **Regulation by market forces alone, however, has failed** and today's system of non-regulated commercial relations **has worsened the problem**.

➤ Self-regulation through "codes of practice" will not re-introduce balance to the commercial relations in question. Where they have been adopted, **the results have been neither satisfying nor particularly convincing**.

➤ The Commission recognises the existence of these problems but for the time being prefers self-regulation and criticises **the fragmented nature of the European Judicial Area**. There is little compatibility between the laws adopted by individual Member States. Yet the only way of overcoming this fragmentation and incompatibility **is to adopt binding European rules**.

THE POSITION

➤ The EESC urges the European Commission to abandon the principle of self-regulation and to **propose a binding legal text** to improve the situation in the agro-food chain by encouraging undistorted competition.

➤ In the EESC's opinion **the nature of such abusive practices both requires and justifies a law to prohibit them**.

➤ The EESC believes that there is a need to **promote other forms of commerce** such as small independent shops, local markets and direct sales from producer to consumer.

➤ Rules **should make it compulsory to draw up written contracts which stipulate the duration, quantity and nature of the product sold along with the price and terms and conditions for delivery and payment, failing which they will be considered null and void**.

➤ The concept of regulation should not be based on the protection of competition **but should allow the State, whose economic interest is involved, to intervene as a plaintiff**.

The NAT Section on the EESC-website

➤ <http://eesc.europa.eu/nat>

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