

Farming Life

Pressure grows on EU supermarkets to deliver on prices

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The European Commission has been told to get on with the job of curtailing the 'buying power' of supermarkets and delivering greater levels of transparency along the food chain.

This was the main trend identified courtesy of a recent public consultation process, entered into by Brussels, following the recent publication of its draft policy document on ways to improve the functioning of the EU's food chain.

The Commission's initial analysis of the subject laid out four policy options. These included the feasibility of Brussels taking action on the issues of unfair trading practices and market transparency.

The objective of policy action, in the field of unfair trading practices, would be to strengthen governance of the food supply chain by preventing undue pressure on weaker operators in the chain, including farmers. Legal certainty would also be enhanced for these groupings.

Commenting on the feedback's outcome, Commissioner for Agriculture & Rural Development, Phil Hogan said: "I view these findings as very encouraging in the context of the Commission's drive to strengthen the position of the farmer in our EU food supply chain. The findings reflect the reality that every significant stakeholder bar retailers is in favour of action at EU level to bring more fairness and balance to our food supply chain.

“A strong coalition of policymakers and stakeholders now favours defending and developing a well-functioning and coherent internal market, to cover the whole EU food supply chain. We are now moving to the next step of drafting a legislative proposal. It is my sincere hope that all the stakeholders who recognise the problem will also proactively support the potential solution.”

The EU Commission will now carry out a full impact assessment on any future initiative to improve the food supply chain.

Speaking at a recent conference in Dublin, Phil Hogan said that the Common Agricultural Policy (CAP) is an increasingly market-orientated instrument, which provides farmers with both opportunities and challenges.

He added: “On the one hand, they have an expanded horizon of commercial opportunities in Europe and on global markets.

“However on the other hand, they are also subject to prevailing market conditions which, as we have seen in recent years, are not always favourable.”

“It is essential, therefore, that the CAP, which is designed to support farmers and ensure they receive a basic safety net and income support, also provides those same producers with the necessary instruments to deal with market volatility and price fluctuations.

Hogan went on to point out that the farmer’s share of what EU consumers spend on food is being continuously squeezed, due to the clear imbalance of power between producers and the other links of the food supply chain.

“Supermarkets, in particular, now enjoy super-power, due to the twin effect of increased globalisation and a high level of concentration within Europe. This gives them disproportionate leverage over primary producers,” he explained.

“The imbalance of bargaining power between price setters and price takers is stark, leading to a situation where there is a real fear factor for farmers of commercial retaliation, late payments and other headaches.

“Existing mechanisms such as the EU Supply Chain Initiative are not perceived by farmers to have any real teeth as they are voluntary, and lack serious consequences for retailers engaging in unfair trading practices.”

Hogan added: “In my view, this is not good enough. A well-functioning food supply chain is essential for our society. Farming, food processing, retail and food service represent over 44 million jobs in 14 million businesses across the EU.”