

PRESS RELEASE
Brussels, 6 July 2012

Retail supports system of implementation of principles of good practice in business-to-business relations

Today, organisations representing the retail sector jointly announced their continued commitment to pursue dialogue and actions to bring a culture change and ensure the fairness in business relations in the supply chain.

At the Expert Platform on business-to-business contractual relations on 4 July, 10 European Trade Associations¹ representing the various links in the food supply chain, including retail, presented the outcome of their discussions to establish a framework for the implementation and enforcement of principles of good practice in vertical relations in the food supply chain. These organisations worked hard, as a group and with their respective members, over the past 7 months to achieve a compromise that would bring a culture change in business-to-business relations along the entire food supply chain.

Regrettably, the proposal failed to pass through the main EU farmers' organisation's final round of internal consultations. In spite of this, representatives from the retail sector have re-iterated their support for the proposed framework and to work together with other supply chain actors on its implementation.

The scheme is based on the voluntary registration by companies in the food supply chain with specific commitments to respect and integrate the principles into their daily business practices. In particular, the framework foresees a procedure to handle disputes through a choice of options and taking into account the need to reassure the complainant that he will not be subject to commercial retaliation.

The four retail organisations believe that the proposed framework represents a robust and cost effective solution, which will bring a culture change ensuring the fairness of relationships in the food supply chain.

~ENDS~

Background note

In November 2011, the High-Level Forum on a better functioning food supply chain warmly welcomed the set of [principles of good practice](#) for vertical relations in the food supply chain. The principles, agreed by all multistakeholders in the food supply chain, represent an understanding of fairness in business-to-business relations. The document also includes a list of examples of fair and unfair behaviour.

Subsequently, the High Level Forum has asked those organisations "to continue their dialogue in order to consider possible implementation and enforcement tools as well as the pros and cons of such tools with regard to effectiveness, costs, monitoring, transparency, credibility and any additional criteria that would be

¹ AIM, CELCAA, CLITRAVI, Copa-Cogeca, ERRT, EuroCommerce, Euro Coop, FoodDrinkEurope, UEAPME, UGAL

deemed of importance, with a view to agreeing on a preferred solution by June 2012 at the latest."

Since November, the 10 organisations met on a regular basis to establish a framework for the implementation and enforcement of the principles. Their European representatives have approved the framework that was presented today at the Expert Platform. This framework has not been agreed upon by Copa-Cogeca and Clitravi.

The basic features of the voluntary framework are the following:

- It is a voluntary web-based registration system open to companies operating at all levels in the food supply chain
- When registering, companies carry out an internal assessment of their procedures and undertake a number of commitments on which they will have to report.
- The core commitments are to translate the principles into company culture, to train commercial teams (buyers and sellers), to follow a process for dispute resolution based on a specific choice of options, to communicate their registration to their commercial partners and to report on their activities as part of the framework through an annual survey.
- A governance body composed of representatives from the various links in the food supply chain would be responsible for overseeing the proper functioning of the system. It would not intervene in the adjudication of disputes so as to avoid conflicts of interests.
- The remedies, sanctions, and/or penalties for non-compliance with the principles of good practice would be determined by the dispute resolution bodies at national level according to the applicable law. Communication to the EU Institutions and the public is foreseen on an annual basis. A review clause would enable the governance body to review the principles and the operation of the framework as needed.

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