

European Milk Board (EMB) Position Paper

on the EU directive on unfair trading practices in the food supply chain

The EMB welcomes the EU Commission's proposals for a directive on unfair trading practices. Articles 3 and 6 of the Commission's proposal already contain some pointers. Below we refer to important aspects we feel should also be included in the EU legislation to enable it to be effective in terms of fair trade relations.

1. Unfair trading practices affect producers throughout the dairy sector, which is why counter-legislation should also apply throughout the sector. **This must also pertain to the relations between producers (sellers) and dairy co-operatives (buyers).** In the course of globalisation and the general development of the dairy sector, dairy co-operatives are now first and foremost milk processors with the attendant economic character. More and more frequently this entails the separation of their interests from those of the producers, increasing the incidence of unfair trading practices in these market relations as well.
2. **Production costs must become the basis for pricing in contracts and/or business relations between buyer and seller.** In the current politico-economic situation, farm-gate prices do not reflect the costs of production (including work remuneration). Even in their role as suppliers, producers have no possibility of setting the selling price. Therefore in the business relations addressed in the Directive there must be a ban on selling raw milk or agricultural raw materials below the full production costs.
3. Besides the penalties mentioned in Article 6, the national institution responsible should also have the option of applying further constructive punitive or compensation measures, such as public apologies from the buyer at fault or compensation payments for the loss or damage sustained by the seller.
4. In the event of an established violation with possible punitive measures, it should be possible for the buyer concerned to be subjected to monitoring for a specific period after the violation has been established to ensure that the problematic behaviour is not repeated.