

## **Commission proposal on payment terms risks causing distress rather than relief**

The Commission published today a [proposal](#) for a Regulation on payment terms that removes the ability for companies to agree payment terms beyond 30 days.

EuroCommerce is very concerned that this proposal will severely affect the established practices of retailers and wholesalers who rely on negotiating payment terms that offer advantages to all parties, particularly for products that sell over longer periods or seasonal products, such as paint, clothing and fragrances.

*“We support a culture of prompt payment in Europe, but restricting payment terms to address late payment issues is the wrong answer to a real problem. Agreeing payment terms with suppliers is a crucial element of commercial negotiations. Taking away the chance for buyers who operate with low margins to make sales over a period of time to meet their costs risks distress rather than relief”,* commented Christel Delberghe, Director General at EuroCommerce.

In a value chain, being able to freely negotiate payment terms is crucial. Retailers and wholesalers have to order goods months in advance before selling them and agree payment terms with their suppliers to remain competitive.

By imposing a strict term of 30 days, the proposed Regulation will deprive businesses of the flexibility to enter into mutually beneficial arrangements. It also will cut off supply chain financing, taking away a positive form of finance that fills the gap for companies who struggle to find affordable traditional bank finance.

This proposal will have a significant impact on the competitiveness of one of Europe’s essential ecosystems and its contribution to local jobs and communities. It will limit retailers’ and wholesalers’ ability to offer choice and good prices to consumers. 1 in 4 of all EU SMEs are active in retail and wholesale and for many, this proposal may threaten their viability. It also risks jeopardising the support given to the millions of value chain partners that are SMEs.

Payment terms in the food sector are already prescribed by the Directive on unfair trading practices, but this proposal overrides those rules before their evaluation is even started. This is to the detriment of legal certainty.

EuroCommerce calls on the European Parliament and national governments to engage with retailers and wholesalers – the EU’s largest private employers – to understand what risks the proposed Regulation brings and achieve the right balance of fostering prompt payments while preserving freedom of contract and negotiation.

**Contact:**

Daniela Haiduc – +32 473 56 29 36 – [haiduc@eurocommerce.eu](mailto:haiduc@eurocommerce.eu)

[eurocommerce.eu](http://eurocommerce.eu)

***EuroCommerce** is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.*