



Unie van Zelfstandige Ondernemers

Code of conduct for fair relationships between suppliers and purchasers in the agro-food chain

Context

The agro-food chain is a complex chain, in which many operators are involved. BEMEFA, the AGROFRONT (Boerenbond, ABS and FWA), UNIZO, FEVIA, BABM, UCM and COMEOS took the initiative to endorse this code to promote fair relationships between suppliers and purchasers. The sector organizations that represent the missing links will be continually encouraged to adhere to the code.

Introduction

Today the market plays already a key role in the agricultural policy of the European Union. This will not be any different tomorrow. The supply will more and more be steered by the demand. Increasing volatility combined with the weak bargaining position of the agricultural sector exert pressure on the margins. In a free market price fluctuations mostly are useful to adapt production to market, and therefore to consumer need. Prices relate to the balance between supply and demand.

In the food chain, there are considerable tensions between the economic interests of the consumer on the one hand and of the operators on the other hand. Competition is a healthy economic driver, but excessive price fluctuations are a scourge to any operator of the chain and can cause tensions between the various links and threaten the viability of a series of operators.

The signatory parties attach great importance to a strong partnership within the food chain, based on the three pillars of sustainable development (economic, ecological and social). In order to better handle future problems, the undersigned organizations wish to improve collaboration and foster partnerships among all operators, while preserving contractual freedom.

This code of conduct for fair relationships between suppliers and purchasers is part of this dialogue.

European Context

While this code is a national initiative, the Belgian agro food chain will always try to achieve a European harmonization. This dialogue has been put in place following the communication of the European Commission in favour of a better functioning of the food supply chain.

Scope

The code

- applies to all links in the chain and to all operators (both on the side of purchasers and of suppliers);
- governs relations between purchasers and suppliers.

This code is used as reference within the agro food chain. In case of relations between farmers and their purchasers and / or suppliers, this code is to be considered as a guide to the inter-professional agreements in the various sectors.

Voluntary and transparent adherence to the code is done, e.g. by a public "declaration of fair relationships between suppliers and buyers" with reference to the code. While this adherence is done individually, the undersigned organizations will communicate which members respect the code (e.g. via the website).

Principles of good practice

- In strict compliance with competition and other applicable laws, purchasers and suppliers exchange general information on markets and consumer trends, to enable the supplier to match supply and demand, and-if necessary-to diversify or adapt.
- Purchasers and suppliers behave as partners towards a sustainable development of the whole agro-food chain taking into account the consumers interests. To this end, the three dimensions
 - 'Society' (a decent income for both the employee and employer)
 - 'Environment' (an activity that has minimal impact on the ecological system for future generations)
 - 'Economy'(a sufficient economic return guaranteeing the continuity of all links of the chain)

are considered together and approached in a balanced manner.

- Purchasers guarantee a careful handling of food products, to value to a maximum the efforts of suppliers.
- Purchasers and suppliers and in particular the agreements they conclude, should comply with all contractually agreed clauses. They should comply with the payment delays parties agreed upon or, in absence of such an agreement, the legal payment delay of thirty calendar days. The payment delay depends on the moment of transfer of the property which is specific to the sector or product.
- Purchasers source local products where these are competitively positioned (both in terms of price and quality) and where they fit the commercial strategy.

- Purchasers and suppliers establish a written agreement with clear conditions (possibly with the way of remuneration) of which both parties can take prior knowledge.
- Purchasers and suppliers do not impose unilateral changes to contract conditions.
- Purchasers and suppliers will only exchange information in strict compliance with competition and other applicable laws, and they should take reasonable care to ensure that the information supplied is correct and not misleading.
- Purchasers and suppliers must respect confidentiality of information unless the information is already made public or has been independently obtained by the receiving party lawfully and in good faith. Confidential information shall be used by the recipient party only for the purpose for which it was communicated
- All contracting parties in the supply chain will bear their own appropriate entrepreneurial risks.
- A contracting party shall not apply threats in order to obtain an unjustified advantage or to transfer an unjustified cost.

Breaches of the principles of good practice

The following provisions apply when a dispute arises regarding an alleged breach of the principles of good practice.

1. Individual disputes

Complainants are expected to engage all reasonable efforts to resort first to the procedures that are easier, faster and at lower cost to resolve their disputes. The complainant may choose the method for the settlement of disputes. Following modes, in ascending order of complexity, rapidness and cost, can be envisaged:

- Commercial track
- Contract options
- Internal dispute resolution
- Mediation/arbitration which require the consent of both parties
- Jurisdictional methods.

Purchasers and suppliers are resolutely dedicated to the consultation model as a strategy to resolve disputes in their relations.

2. Aggregated disputes

A member of the Committee (see below) may request the Committee to analyse a dispute regarding a serious breach of the principles affecting several of its members. The Committee will use the basic principle "comply or explain" in its assessment. "Comply or explain" means that both purchasers and suppliers can - in their "declaration of fair relationships between suppliers and purchasers" - provide for derogations to the recommendations of this code as long as they clarify their policy on this.

Management and monitoring of the code

This code is managed by a Committee composed of official representatives appointed by the sector organizations involved in the agro-food chain. The Committee works with a presidency which rotates annually.

The Committee:

- The Committee issues a yearly survey to the adherent companies on training, reporting on dispute resolution options and communication. The Committee writes based on the results of this survey and the contributions of sector organizations, an annual report in a generic way, without mention of individual names.
- The Committee decides on any adjustment to the code.
- The Committee informs the Minister and the administration of its activities.
- The Committee may, for the technical development of ideas, create an ad hoc working group, composed of employees of the different organizations, if necessary accompanied by an expert.
- The Committee does not deal with individual complaints with the exception of breaches of process commitments.

Brussels, 10 June 2014

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