

## Now is the time for a supply chain that works for everyone - particularly consumers

EuroCommerce Director-General Christian Verschueren today set out retailers' and wholesalers' vision of the supply chain following a statement by the representatives of producers, processors and big, global brands.

*"We agree fully with the objective of a fair, transparent, sustainable food supply chain that benefits all actors, including consumers. Where we differ from the organisations claiming to promote this, is how to achieve it: to benefit farmers and SMEs, we need structural measures to make them more competitive and able to adapt to rapid changes in consumer demand. EU regulation aimed at outlawing certain trading practices will do nothing for farmers or SME suppliers. Such regulation will reduce competition, with the consumer paying even more for their food, to the benefit of large manufacturers whose net margins dwarf those of any other part of the supply chain."*

Retailers and wholesalers buy most of what they sell from large food processors, and negotiate hard with these to get the best deal for consumers. These companies enjoy large net margins of typically 15-30%, while food retailers struggle to achieve net margins of more than 1-3% in the face of fierce competition, which e-commerce has intensified. Retailers remain dependent on these companies for must-have products which consumers expect to find on the shelves. By interfering in these negotiations, the regulator risks skewing the relationship to the benefit of large manufacturers. Retailers will not have the scope to absorb the price rises which will result, and consumers will end up footing the bill.

There is already a vast amount of legislation and well-functioning voluntary schemes at Member State level and there is no hard evidence of any added-value from EU intervention. It will only create costs, and force unnecessary legislation on countries where the supply chain already works efficiently to everyone's benefit. It will create fragmentation if it leaves it to each country to top up EU regulation with its own requirements.

Retailers and wholesalers depend on smaller food producers and farmers to provide, for example, speciality products to allow retailers to differentiate from their competitors. They therefore have a real interest in these suppliers thriving and being able to innovate – and certainly not in imposing conditions which cause these producers problems.

Verschueren added:

*"We know that the Commission is not seeking to bolster the profits of large manufacturers at the expense of consumers. We call instead on the Commission to create a wider debate and dialogue with all stakeholders on measures to equip farmers and SMEs with the tools to help them respond to changes in the market and produce a variety of food products which consumers want and are ready to pay for."*

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*EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading multinational retailers such as Carrefour, Ikea, Metro and Tesco, and many small family operations. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 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.*