

UTPs – a great Christmas present for food manufacturers, doubtful benefit to farmers, and consumers footing the bill

Retailers and wholesalers reacted to the outcome of the trilogue negotiations on the UTP directive today, which will impose new administrative burdens and legal uncertainty on retailers, shifting the balance of power to food manufacturers. Speaking today, EuroCommerce Director-General Christian Verschueren warned of the consequences of these actions for the supply chain and for consumers:

“The amendments agreed today are claimed to be protecting the weak against the strong. This is frankly disingenuous. It skews the market yet further in favour of national brands who already have considerable power. In countries like Ireland, Belgium, and Sweden, the upper limit of 350 million now agreed covers almost all manufacturers. This means all retailers, including small shops, will come under more pressure, from manufacturers who will be able to impose higher prices. These amendments fly in the face of the Commission’s own impact assessment of the harm that extending the scope beyond farmers and small suppliers would do. They also ignore entirely the concerns expressed by BEUC on behalf of consumers.”

We will need to study closely the final text, but the addition of 8 further prohibitions – bringing the total up to 16 – is an unprecedented intervention in the free market. It gives additional power to manufacturers, and no rights to retailers or wholesalers. This is an odd interpretation of fairness.

Verschueren concluded:

“This was supposed to be a directive to protect farmers. All the changes to the text have more to do with negotiations between food manufacturers and retailers. What has this got to do with farmers? How will it guarantee them fairer prices for what they produce?”

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