

Press release

BVA and VdG welcome UTP directive as framework regulation for fair cooperation in agricultural trade

Berlin/Hamburg, 17 March 2021. *The Federal Association of Agricultural Trade e.V. (BVA e.V.) and the Grain Traders Association of the Hamburg Stock Exchange e.V. (VdG e.V.) see the UTP Directive as an urgently needed legal framework to curb unfair trading practices in the agricultural and food supply chain. The aim must be to create a level playing field between trading partners and to eliminate any market imbalances in favor of more competition.*

"Fair dealings with contractual partners must finally be embodied in law," emphasizes Christof Buchholz, Managing Director at VdG e.V.. "Legislators cannot rely solely on voluntary commitments by companies, but must create a suitable framework." The minimum protection standards established in this way could be further expanded by the individual companies in each case. At the same time, he said, trading partners should still be given a certain amount of flexibility in shaping their contracts within the legal framework. "Bilateral contracting, as the smallest unit in the trade chain, thrives on agreements that are individually tailored to the two parties. This makes them efficient," Buchholz said.

However, the two federal associations complain that the draft law inadequately addresses unequal market conditions. "It is unclear why the regulations only protect companies with annual sales of up to 350 million euros," raises BVA managing director Martin Courbier. "Fair trading conditions cannot be a question of company size. Moreover, the proposed sales scale complicates the regulation and leaves loopholes open."

In practical implementation, according to BVA e.V. and VdG e.V., it is important that the burden of proof for unfair conduct does not lie solely with the weaker contracting party. Even in cases of justified suspicion, the buyer should have to prove that he has acted properly. The anonymity of the complainant must also be guaranteed throughout the entire process. In these points, the draft must be improved, demand



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Verein der Getreidehändler
der Hamburger Börse e.V.

BVA e.V. and VdG e.V. Then the law could actually improve the situation for all agricultural trading companies along the supply chain.

The Unfair Trading Practices (UTP) Directive is a 2019 EU-level directive designed to prevent unfair trading practices in the agricultural and food supply chain. These include last-minute cancellations of goods, late payments and other transactions in which buyers can exploit unequal power relations with suppliers. In November 2020, the German cabinet approved a bill to transpose the EU directive into German law. The law must be passed by May 2021.

Bundesverband Agrarhandel e. V.

The Bundesverband Agrarhandel e.V. (BVA) (Federal Association of Agricultural Trade) represents the interests of the agricultural trade in Germany. The BVA member companies qualitatively process the agricultural raw materials supplied by agriculture, such as grain and oilseeds, by drying and cleaning them and market these products as food and animal feed in Germany and abroad. They also sell seed, crop protection agents and fertilizers as well as animal feed to the agricultural sector. Agricultural trade thus plays a crucial role in the agricultural value chain.

Verein der Getreidehändler der Hamburger Börse e.V.

The Verein der Getreidehändler der Hamburger Börse e.V. (VdG) (Grain Traders Association of the Hamburg Stock Exchange) is the federal association of international wholesale and foreign trade in cereals, oilseeds, feeds and pulses and has been the official voice of the industry at the world trading center of Hamburg for over 150 years. It acts as a service provider for its members and also as a partner for administration, politics and business in Berlin, Bonn and Brussels.

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