

Press release

Supply Chain Law must be bearable for all companies

Hamburg, 16 February 2021. The Grain Traders Association of the Hamburg Stock Exchange e.V. (VdG e.V.) welcomes the fact that the Supply Chain Law is to create a regulation that aims to ensure fair working conditions, compliance with human rights and environmental protection measures along the entire value chain.

However, it must be ensured that responsibility is borne sensibly and fairly by all market and political players. Companies must not be burdened and disadvantaged unilaterally, stresses the German association, which represents international wholesale and foreign trade in cereals, oilseeds, animal feeds and pulses.

"Particularly in agricultural trade, global supply chains are indispensable to ensure food availability. Multilateral trade already promotes prosperity and better living conditions for many people. This includes ensuring fair working conditions and remuneration at all stages. Human rights are non-negotiable and the agricultural trade industry is committed to upholding and enforcing the required due diligence obligations," explains Christof Buchholz, Secretary General at VdG e.V.. "However, the responsibility must not rest solely on the companies; it is also up to politicians to develop enforceable solutions." Regulations on liability suits, for example, would have to be formulated in the law in a comprehensible and clear manner in order to continue to give companies legal certainty. Consumers should also be made aware of the power of their purchasing decisions and be involved in responsibility.

The Supply Chain Law initially addresses companies that employ 3,000 people in Germany. After one year, this threshold is to drop to 1,000 employees. Buchholz: "We can understand this consideration. Because of their capacities, large companies are certainly in a better position to meet requirements to a certain extent without being overly burdened. However, we also see the danger that the resulting bureaucratic pressure will be indirectly passed on to small and medium-sized companies, which will be almost impossible for them to cope with." The law would have to formulate clear guidelines here so that responsibility is distributed appropriately enough to be bearable for the respective company. Especially now,

during the pandemic, many companies are already under enormous pressure. This should also be taken into account.

In Germany, there are already regulations under civil and competition law that provide extensive protection for contracting parties in the supply chain. "National laws only help to a limited extent," said Christof Buchholz. "In addition, the Supply Chain Law must not put German companies at a competitive disadvantage compared to international companies. We therefore urgently appeal to politicians to establish a joint solution at European level."

In 2016, the German government had issued the "National Action Plan for Human Rights and Business." In response, many companies were already taking individual steps in the form of voluntary commitments to meet the requirement to link and implement human rights in the supply chain and thus make it more sustainable and transparent. In 2020, however, a survey of over 2,000 German companies by the Federal Ministry of Labor and Social Affairs and the Federal Ministry for Economic Cooperation and Development showed that compliance with human rights is still not guaranteed, particularly among suppliers. As a consequence, the German government announced the Supply Chain Law, which is now to be implemented during this legislative period and is expected to come into force at the beginning of 2023.

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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