PRESIDENT OF THE OFFICE OF COMPETITION AND CONSUMER PROTECTION WILL INSPECT THE SITUATION IN THE AGRI-FOOD INDUSTRY

* **Are the largest food producers and retail chains using their upper hand in negotiations with trading partners during the epidemic?**
* **This will be the subject of explanatory proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK), Tomasz Chróstny.**
* **The financial liquidity on all levels of the supply chain is currently of particular importance, says Mr Chróstny.**

**[Warsaw, 28 April 2020]** The President of the Office of Competition and Consumer Protection, Tomasz Chróstny, initiated proceedings to inspect whether the largest entities from the agri-food sector are paying farmers, vendors and other trading partners in a timely manner. The Office will also inspect whether trade and pricing practices changed during the period of epidemic to the disadvantage of smaller trading partners. The President of the Office submitted requests for clarifications in that regard to nearly 100 enterprises – retail chains and the largest manufacturers from the meat and dairy industries as well as fruit, vegetable, cereal and oilseeds processing industry, operating in Poland.

*“During the epidemic, demand for food has substantially decreased, which is why it is so important to ensure that the agri-food sector is functioning properly. It is particularly important to ensure the financial liquidity of entities on each level of the food supply chain. It is essential for the food security of Poland to ensure that trading partners make their payments on time, to ensure transparent contractual terms and conditions, and not to abuse the current situation to exert pressure on smaller vendors. We will verify the practices employed by the biggest market players to that extent, so as to ensure fair trade relations between them*,” says Tomasz Chróstny, President of the Office of Competition and Consumer Protection.

Under legal regulations, the maximum time limit to settle amounts due should not, in principle, be longer than 60 days from the delivery of goods or an invoice. It should be noted, however, that where contractual stipulations provide for a shorter time limit for payment, such time limit is binding. After the time limit stipulated in the agreement or under legal regulations has expired, the vendor is entitled to charge interest.

The initiated proceedings are being carried out under the Act on the Prevention of Unfair Use of Contractual Advantage. They are being conducted as part of the case, not against any specific entities. The objective which the President of the Office is trying to achieve is to check how the largest enterprises are performing their obligations to pay vendors and whether they are employing any other forms of exerting pressure on smaller entities. Should such practices be identified, the Office’s priority is to swiftly eliminate them from the market.

*“The current crisis calls for market solidarity on a scale unlike we have ever seen before. Larger enterprises are expected to show greater responsibility for their trading partners, as they are having much bigger difficulties in efficiently operating on the market during this period that other branches of the economy. The dependence of smaller entities may tempt larger players to exert pressure in order to gain additional economic benefits, which cannot be allowed. In the upcoming weeks, we will verify practices employed by enterprises operating on the agri-food market. I expect that our actions will streamline cash flows between enterprises and any unlawful practices will be promptly eliminated without having to resort to administrative measures. I encourage enterprises to verify their practices on their own, so as to avoid negative consequences – it is worth to adopt a fair and responsible approach to trade relations with trading partners, explains Tomasz Chróstny*,” President of the Office of Competition and Consumer Protection.

Entrepreneurs! Farmers! If you’re operating in the agri-food industry and your trading partner amended the terms and conditions of cooperation to your disadvantage or fails to make payments on time – notify the Office of Competition and Consumer Protection. Please e-mail us at przewaga@uokik.gov.pl. Inform us of any irregularities, describe the concerned practice in detail and specify the enterprise that employed it. This will enable us to quickly handle the matter and eliminate unfair use of contractual advantage – your data will not be disclosed.

In the last three years, the Office of Competition and Consumer Protection made over 100 interventions related to the unfair use of contractual advantage. The vast majority of them ended with a prompt change of the terms and conditions for the supply of agricultural products and foodstuffs, including changes consisting in the reduction of time limits for payment.