



Code of conduct for fair trading relationships between suppliers and buyers in the Agro Food Chain

2013-2014 Annual Report

On 20 May 2010 the partners of the Agro Food Chain platform – BEMEFA, ABS, BOERENBOND, FWA, FEVIA, COMEOS, UNIZO and UCM – signed the code of conduct for fair trading relationships between suppliers and buyers in the Agro Food Chain that formulates a broad mutual engagement about fair trading relationships. The code of conduct serves as a reference for the entire chain. The code has been revised on June 10th 2014 in view of its equivalence with the European Framework for implementation and enforceability of the principles of good practice. BABM, the Belgo-Luxemburgo Association of Brand Manufacturers, has joined and subscribed to the Code at this occasion.

This code of conduct anticipates that an annual report is issued on the basis of the input of the relevant sector organisations without stating individual names. The committee of sector organisations decides on possible adjustment of the code and informs the minister and the administration about its activities.

The following report provides an overview of the application of this code during the fourth year of operation, from July 2013 up to June 2014.

This report has been divided into the following themes:

- Adherence
- Dispute resolution
- Adjustments
- Initiatives for sustainable development in the Agro Food Chain

1. Adherence

The recommendations become binding through individual adherence of the operators with a declaration of fair trading relationships between suppliers and buyers.

In the course of the fourth year of operation two distribution chains adhered to the code of conduct.. This brings the total number of accessions to **224 companies**, of which

- **42 compound feed companies** (BEMEFA)
- **166 companies from the Food industry** (FEVIA-BABM)
- **16 companies from the distribution sector** (COMEOS)



The lists of adhered companies are available on the websites of these sector organisations. For the ABS, Boerenbond, FWA, UNIZO and UCM organisations the signature of the chairman applies to all members.

2. Dispute resolution

The code of conduct contains both target norms and (more) specific norms in the form of recommendations. Thus the code of conduct serves as “a reference in the Agro Food Chain”.

An important principle in the code of conduct is that the parties will act as befits partners pursuing sustainable development of the Chain. In addition the code of conduct devotes itself to a number of recommendations of fair practices, e.g.:

- Use of written agreements;
- No unilateral changes of the agreements;
- Respect of the stipulated payment term.

If an incident has a wide scope then the undersigned organisations inform each other accordingly with a copy to the chairman of the platform. The latter keeps an overview of the incidents. The follow-up of these incidents is evaluated in the plenary platform.

On the basis of the “comply or explain” principle clarity was provided in the course of the fourth year of operation on several incidents in reply to questions that had been raised during previous meetings:

- Extension of payment term:

The concerned manufacturer confirms this extension, but points to the possibility for suppliers to obtain early payment loans at a very interesting rate. The aim is thus to build commercial relationships which give mutual satisfaction.

- General rejection of any price adjustment for suppliers of meat;

The concerned retailer clarifies that prices and conditions are being negotiated at the beginning of every year and that every “adjustment” to these prices and conditions will always be subject to discussion between all parties..

- Charging of new logistical costs to suppliers.

The concerned retailer underlines that nothing will be requested from a supplier nor a carrier that has not been discussed beforehand and has not been agreed upon between all parties. Indeed, a financial contribution is requested because of the advantage both parties are receiving from the agreed and elaborated organisation.

3. Adjustments

Even though this code is a national initiative the organisations of the Belgian Agro Food Chain opted to pursue a European harmonisation. The high-level activities of the European forum for a better operation of the Food supply Chain are therefore followed closely.



During the past year of operation this particularly regarded the framework for implementation and enforceability of these principles of good practice. On 16 September 2013, after the approval of the principles of good practices in November 2011, the European organisations of the food chain launched the Supply Chain Initiative, a framework for the implementation and enforceability of these principles. The text provides for, inter alia, the recognition of the national chain platforms, the possibility to group complaints as a result of which anonymity is guaranteed, and the introduction of clear dispute resolution rules.

The national actors are called to accede to the European level. Moreover several discussions have been started with the existing national platforms about mutual recognition.

Several meetings took place to prepare the mutual recognition between the Belgian code and the European supply chain initiative.

It was concluded that the Belgian code needed to be adapted on the following items:

- The enclosure of 4 additional principles
 - a. The exchange of information
 - b. The confidentiality of information
 - c. Entrepreneurial risks
 - d. The use of threats
- The extension of the dispute settlement procedure

The Belgian code has been adapted to respond to these requests. On June 10th 2014 the new text was agreed on by the Partners of the Agro Food Chain.

A website will be developed based on the example of the European supply chain initiative;

4. Initiatives for sustainable development in the Agro Food Chain

Within the framework of the code of conduct for fair trading relationships the chain parties emphasised the importance of a strong partnership based on the three pillars of sustainable development (economic, ecologic, social). To be improve the management of the problems in the chain, the undersigning organisations wish to improve the cooperation in the chain and stimulate good partnership relationships between all operators whilst guaranteeing contractual freedom. In the course of the year this cooperation has translated into the following activities:

- **Horsemeat crisis**

The Partners agreed to launch a study on how to prevent fraud and manage the cross-contamination by horsemeat in different production batches. A full project was prepared and currently discussions with the SPF Economy and Public Health are launched to ask for a financial support on this matter.

- **Towards a transformation of the Agro Food system**



On 1 May 2013 the “Towards a transformation of the Agro Food system” project took off with support of the Flemish government. The implementation has been entrusted to ILVO.

A similar project proposal was presented to the Walloon government and was started on April 1st 2014.

The two projects are currently being realised and the conclusions are expected with great interest in the following months.

On November 18th 2013 the state of affairs of the Flemish project was presented, the approach of the stakeholders was agreed upon (SWOT of 9 priority challenges), an agency was chosen for the realisation of a communication strategy on sustainability in the food chain, and an independent jury elected 5 action labs between the 17 proposals:

1. Shop, Pick, Drive & deliver
 2. Valorisation of food surpluses in the organic agriculture
 3. Sustainability in the social catering
 4. Valorisation of maize stem in sustainable pork farming
 5. Use of Flemish soya in Belgian feed
- Piglet castration

An agreement was reached within the Agro Food Chain platform about engagements related to discontinuation of surgical castration of male pigs as from 2018. A joint working group was set up with the assignment to remove the bottlenecks of the various stages in the pig chain. The working group witnessed the presentation of the conclusions of the scientists in December 2013. Although a lot of scientific work has been done, there is still a long way to go in order to reach a practical solution of the problem.
 - Beef meat index

The representative organisations of the beef chain reached an agreement about the handling of extreme feed price fluctuations in commercial negotiations. For the implementation hereof the FPS Economy issues a monthly publication of a beef meat index and its constituent data.
 - Pork meat

The workgroup on Pork has been relaunched in February 2014. The group is studying the mechanisms that rule the price volatility in the pork chain and the conditions issued by the buyers of pork meat throughout the chain. A letter was written to the Belgian authorities (SPF Economy) to ask for their expertise in the comparison of the pork chain in the neighbouring exporting countries.
 - Relations with government

A joint memorandum of the agro-food chain containing ten specific policy requests was sent to the political parties in view of the federal and regional elections that took place in May 2014.

30 October 2014