Unfair payments practices and remedies across sectors

A RANGE OF KEY SECTORS WAS CONSIDERED IN THE ANALYSIS















Construction

Food and drinks

Retail and wholesale

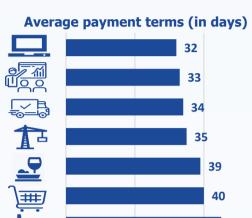
IT/software/ Manufacturing telecommunication **Utilities and** transport

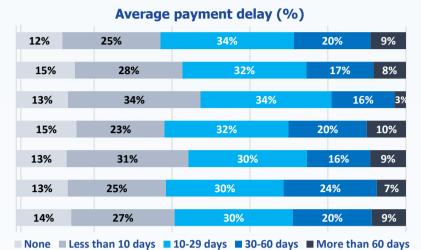
professional services



ONLY 39% OF EU COMPANIES RESPECT AGREED PAYMENT TERMS

OVER 50% OF PAYMENTS ARE DELAYED BY 10-29 DAYS OR MORE





THERE ARE SEVERAL REASONS WHY COMPANIES ARE PAID LATE

Imbalance of power among companies (all sectors):

Large companies tend to impose unfair practices on smaller suppliers

The structure of the supply chain (construction and food and drinks sectors): End-chain suppliers get paid later because of the accumulation of delays earlier in the chain

The frequency of disputes over the quality of goods and services (construction): Frequent disputes over quality of goods and services delay the official delivery of the project



Differences in shelf life and stock rotation across products (retail):

For products taking longer to sell or sold in season, suppliers are paid before the sale takes place



Written contracts do not always exist (agri-food sector):

The absence of written contracts can lead to misunderstandings on contractual obligations

TARGETED INTERVENTIONS COULD MINIMISE UNFAIR PAYMENT PRACTICES



- The Commission could encourage Member States to allow project bank accounts between businesses and disseminate good practices in this regard
- Member States should consider imposing strict payment terms between I contractors and all subcontractors, with appropriate enforcement



- Member States should consider introducing maximum payment terms differentiated by category of products, with appropriate enforcement
- The Commission could encourage Member States to establish an adjudicator! or **independent body** with enforcement, dispute resolution and sanctioning power, which could be common for the retail and the food and drinks sectors.



The Commission could encourage Member States and business associations to set up adjudication or mediation measures and disseminate good practices in



Business associations, where relevant, should foster prompt payment codes setting the business standards in the sector



