

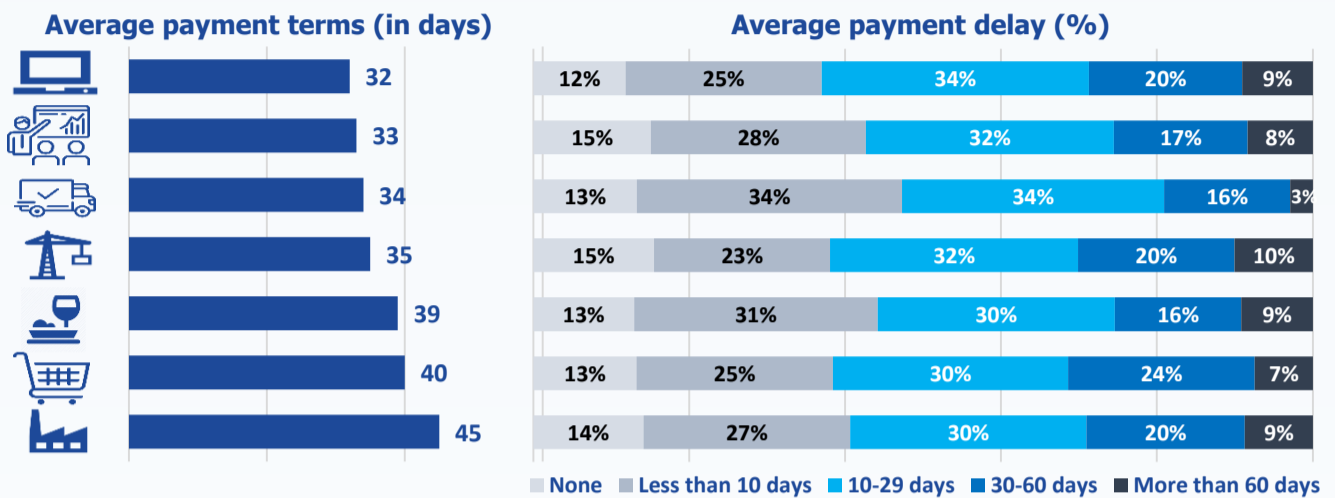
# Unfair payments practices and remedies across sectors

## A RANGE OF KEY SECTORS WAS CONSIDERED IN THE ANALYSIS



**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 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 this regard



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

Prepared by



Valdani Vicari & Associati



European Commission