Distribution Law Center
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Vertice Avocats

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New French law protecting farmers' remuneration

The French legislator has amended – once again – the rules regarding the business negotiations between purchasers and suppliers of food and petfood.

Current regime

In France, distributors and suppliers (across all sectors) were already subject to a very restrictive legal framework with a strict regulation of the content of their contracts (formal rules) and the way in which they could negotiate, enter into and perform these contracts (substantive rules). Each year, several firms are inspected and penalised for failure to respect these legal requirements (administrative and civil penalties).

New regime

Through Law no. 2021-1357 of 18th October 2021, the French legislator has reinforced the legal constraints imposed on purchasers and suppliers of food and petfood.

Entry into force

This new system applies to contracts entered into as of 1st January 2022.

Commentary

This law constitutes a new attempt by the French legislator to improve the remuneration of farmers. Suppliers of food and petfood are required to apply greater transparency regarding their cost prices (information in their general terms of sale of market indicators and the share represented by agricultural raw materials in their products). Agreements with purchasers should include an automatic revision clause of the prices agreed between the parties, according to the upwards or downwards variation in the cost of the agricultural raw materials. Granting or obtaining discriminatory prices or sales conditions in relation to competition may also be severely penalised (civil fine of several million Euros).