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European Organisation of Agricultural, Rural and Forestry Contractors

Confédération Européenne des Entrepreneurs de Travaux Techniques Agricoles, Ruraux et Forestiers

Europäischer Zentralverband der land- und forstwirtschaftlichen Lohnunternehmer und ländlichen Dienstleistungsunternehmen

## **CEETAR Opinion on the Review of the Late Payment Directive**

### ***Why do CEETAR Members care for late payments ?***

Updating payment time legislation is very important for small businesses. All across Europe, there have been significant problems with SME-subcontracting companies operating as subcontractors in the agricultural, rural and forestry sectors.

Late payments are frequent in the forestry sector, where contractors depend upon customers, entitled with a large bargaining power (such as governmental bodies or large companies).

For example, a forest company in Finland, with 10-billion turnover has used a 60-day payment period for its subcontractors, whose turnover is typically less than 1/1000 of what forest company has. In such a case, the contractors bargaining power is non-existent. Even if it has a turnover of, for example, 1-10 million, it would be necessary for the regulation to be systematically applied to cases where the debtor's turnover is more than a hundred times the creditor's turnover.

Rural contractors, because of their dependence on public procurement, may also be subject to issues of late payment by local governments.

### ***What is CEETAR asking for?***

By using long payment times, a large globally company keeps small businesses as its bank, which is neither reasonable, nor acceptable. When using, for example, a 60-day payment period, the subcontractor has to pay value added tax for his service, pay his employees' salaries and salary side costs before he himself has received payment for the service he sold.

In public procurement, it should be required that a payment period of no more than 30 days is used in the supply chain. Moreover, governments should be required to make their procedures for monitoring and assessing compliance of services more efficient and thus their payment procedures more straightforward.

Problems related to payment delays have increased as interest rates have risen. The opportunities for small businesses to intervene in a problem without jeopardizing their customer relationship are limited or non-existing.

### **About CEETAR:**

The European Confederation of Agricultural, Rural and Forestry Contractors, established in 1961, represents about 150,000 companies and nearly 600,000 workers. It aims to represent the interests of

land-based contractors in Europe. In 2014, the European Network of Forestry Entrepreneurs decided to merge with CEETAR, resulting in a stronger and more representative single organisation representing land-based contractors at EU level.

CEETAR aims to be a proactive force to benefit the contractors and the rural economy at European level. Its objective is to:

- Represent the national federations and defend their professional interests in relation to the institutions of the EU. This way, CEETAR is recognised as representative organisation for contractors towards the European Institutions,
- Represent the national federations and defend their professional interests towards other private organisations, which are active at European level and beyond. CEETAR maintains constructive relations with COPA-COGECA (farmers), CEMA (agricultural machinery industry), EFFAT (workers)...
- Help organisations in the new Member States to fulfil their national objectives as rapidly as possible and under the best conditions through the expertise transfer developed by the CAP 50 years ago.