

Belgian Competition Authority assesses sustainability initiative in the banana sector

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The Belgian Competition Authority recently examined the sustainability initiative of IDH-Transforming Markets and certain large retail chains to promote living wages in the banana sector under competition law. The initiative in question aims to limit the gap between actual wages and living wages in the banana sector, and concerns fresh bananas coming from companies with five or more employees and sold as branded or under private label products on the Belgian market by the majority of retailers.

Sustainability initiatives consist of cooperation agreements between companies and thus may fall under competition law. They require thus a complex analysis of the balance of interests between the environmental and sustainability benefits of the cooperation agreement and their potential negative effects on competition.

The Belgian Competition Authority verified the following parameters to evaluate the impact on competition of the sustainability initiative on living wages in the banana sector: transparency for the participants in the standard selection process, voluntary participation, the freedom of participants to set stricter standards, the possibility of exchange of commercially sensitive information, effective and non-discriminatory access to the requirements and conditions of the standard, no significant price increases or choice reductions, and continuous monitoring of the implementation of the sustainability standard.

The Belgian Competition Authority then assessed whether the participants in the initiative have put sufficient safeguards in place to prevent the exchange of commercially sensitive information and preserve individual pricing autonomy.

To this end, IDH-Transforming Markets confirmed that no recommendations will be made on how to pass on any changes in costs in the supply chain, and that no mandatory or recommended minimum prices will be communicated to the actors involved.

Finally, IDH-Transforming Markets pledged to monitor the implementation of the project across the supply chain. It will review the KPIs regularly to measure progress and will verify annually the actual impact of the initiative in the main source countries. Furthermore, an independent expert will validate the participants' data.

Finally, IDH-Transforming Markets has committed itself to keeping the Belgian Competition Authority informed of any changes and developments with the proposed initiative. As a result, on 30 March 2023 the Belgian Competition Authority concluded that this initiative would not raise any competition concerns.

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