

Revision of the rules of the Late Payments Directive 2011/7/EU – consultation response

The European Carton Makers Association (ECMA) fully supports the revision of the rules of the Late Payments Directive 2011/7/EU. The European economy continues to be negatively affected by late payments, which particularly affect SME's who feel unable to challenge the longer payment terms being imposed by larger companies. This was demonstrated in a report from the European Commission in August 2016 which confirmed that *"half of all creditors do not exercise their right to claim late payment interest, compensation and recovery costs as provided by the Directive for fear of damaging their commercial relationships."* indeed, the European Commission's own evaluation study concluded *"80% of companies experienced late payments during the past 3 years"*

We remind the European Commission on the stated objectives of 2011/7/EU

- To provide creditors with timely payments and measures that enable them to fully exercise their rights when paid late.
- To confront debtors with strict measures that discourage them from paying late or from establishing excessively long contractual payment terms.

...and that the revision of the rules considers why these objectives have largely not been achieved.

ECMA call on the revision of these rules to consider and implement actions as follows:

- To end suppliers being forced to accept terms of up to 120 days - 'so called' incentives of supply chain financing at additional cost to the supplier, should not be permitted as late payment justification in a commercial relationship
- Timely payment must become legally binding and the business norm across the EU27 therefore harmonizing the requirements
- The Directive must contain clear and enforceable 'rules & tools' to make prompt payment the normal business practice

In concluding, the revision of the rules of 2011/7/EU gives the European Commission the opportunity to finally end the practice of late payments which brings blight and financial hardship to so many European businesses and to ensure that prompt payment becomes the standard and only accepted business practice.

About the European Carton Makers Association

The Association brings together folding carton converters, cartonboard mills, national associations, and suppliers to the folding carton industry. ECMA represents over 500 carton producers with a current workforce of 60,000 located across nearly all countries in the European Economic Area – this equates to over 80% of the €13 bill European folding carton market.