



Commissioner Thierry Breton
European Commission
Directorate-General Internal Market,
Industry,
Entrepreneurship and SME's
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

12 October, 2020

Re: ECMA calls the European Commission for action to combat late payments

Dear Mr. Breton,

The entire European economy is negatively affected by late payments; ECMA represents manufacturers of cartonboard and folding cartons supplying packaging for brand owners and retailers. For many years, our industry has faced demand for increasing payment terms and this has been accelerating during the Covid-19 crisis.

The Late Payments Directive 2011/7/EU was adopted in February 2011, to combat late payments in commercial transactions. The specific objective of the Directive was:

- 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.

My organization wrote to your Directorate in June 2018, to inform the then Commissioner, Ms Elżbieta Bieńkowska, that in reality and despite the Late Payments Directive 2011/7/EU, the payment terms within our industry were still increasing. I am writing to you today to inform you that the situation has not improved and that further action is required – this supports the report from the European Commission in August 2016 concerning the implementation of this Directive and 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."* The European Commission's own evaluation study concluded *"80% of companies experienced late payments during the past 3 years"*

Clearly and according to the European Commission's own evaluation studies, late payments continue to be an issue; they particularly effect SME's who feel unable to challenge the longer payment terms being imposed by larger companies -and I would emphasize that this issue is growing at an alarming rate during the ongoing Covid-19 crisis.

I am requesting your Directorate and the European Commission take renewed action to tackle the increasing incidence of late payments in contravention of The Late Payments Directive 2011/7/EU. It is, of course, so important that legislation introduced by the European Commission is adhered to fully and I look forward to receiving your response.

Yours sincerely,

Mike Turner
Managing Director

About ECMA

The European Carton Makers Association, is an international network for carton converters, national carton associations and suppliers to the carton industry. ECMA provides the European folding carton industry with a dynamic business network. With its seat in The Hague, The Netherlands, and an office in Brussels, ECMA represents around 500 carton producers in nearly all countries in the European Economic Area. ECMA members account for around 70% of the total folding carton market volume in Europe, and a current workforce of about 50,000 people.

