

This document represents early policy development for “supply chain fairness Regulations” to be introduced covering the UK fresh produce sector.

Proposals for Fair Dealings Regulations in the Fresh Produce Sector

We’re looking to introduce new regulations for the fresh produce sector that will improve transparency within contractual agreements and tackle unfairness where it exists. This document details version 2 of the proposals for the Fair Dealings Regulations in the Fresh Produce sector. We would welcome your feedback by **26/09/2025**. Please provide this via email to: freshproducecontractconsultation@defra.gov.uk

1. Would these regulations tackle the issues of unfairness that you are aware of in the supply chain?

We are not aware of specific issues within the UK potato sector that would justify the introduction of specific legislation, rather than maintain the current voluntary approach. The PPA maintains its position that for the UK potato sector, legislation is likely to remove flexibility on the part of both parties and would represent unnecessary administration burden and therefore lead to an associated increase in costs for both parties.

We see contracts as a partnership between the buyer and the seller. Most members within the association will utilise a combination of bespoke contracts, standards supply contracts and, where necessary due to purchasing on the ‘free-buy’ market they may employ one off contracts, which are completed often within the same day.

Most of the issues that the draft proposes to address are already covered within these contracts. Furthermore, resolution procedures are usually included within contracts. The potato sector has a longstanding set of rules and practices for trade in potatoes ([RUCIP](#)), which have recently been updated, and which are used as the basis for many contracts within the sector (either directly referenced or adapted for use by individual members).

We therefore remain of the opinion that the voluntary approach is sufficient for the sector at this time.

2. Would any further measures help promote fairness and transparency in the supply chain? Have we missed anything substantive or impactful?

We would recommend that Defra familiarise itself with the existing RUCIP system and approach the sector regarding awareness and its use as best practice. If a mandatory approach is to be taken for the sector, then it should mirror the RUCIP system as this already has significant buy-in from the sector across UK and the EU.

- 3 Could any of the measures here create issues or unintended consequences that may not have been considered?

There are robust long-term relationships in place within the potato sector, backed up by comprehensive contract documents which already address most of the points in the proposed regulations.

Some of the newly proposed points such as review of pricing mid-contract could potentially create confusion and an opportunity for misuse.

This document sets out the policy proposals for Regulations made using the powers under section 29 (the fair dealings provisions) of the Agriculture Act 2020 which will apply to the sale of fresh produce in the UK.

In December 2023, Defra launched a public consultation exploring contractual practice in the UK fresh produce sector. We received 134 responses to the consultation, with views shared from across the supply chain. The analysis of all responses is the basis for the proposals contained herein.

The proposed Regulations will impose obligations on businesses (“business purchasers”) directly purchasing fresh produce from sellers for the purpose of providing greater certainty and transparency for both parties. Sellers covered by these regulations include primary producers, recognised producer organisations or recognised associations of producer organisations, and farming cooperatives (where their members are only producers). This document sets out, for stakeholder comment, proposals for obligations the proposed Regulations may introduce to address unfair contractual practices in the fresh produce sector. We will practise open and transparent engagement with those across industry covering the whole supply chain and are happy to speak with any interested parties through emails, meetings or workshops. The exact duration of engagement on these proposals will depend on what arises from them, but we will ensure sufficient time for engagement on all major versions of these proposals.

1. Extent

The proposed Regulations will apply to all UK business purchasers who directly purchase fresh produce from a seller. A seller includes primary producers, recognised producer organisations or recognised associations of producer organisations, and farming cooperatives (where their members are only producers). This includes those located outside the UK.

In these proposed Regulations “fresh produce” means any edible horticultural product grown for human consumption, and has not been processed beyond

basic post-harvest handling (such as washing, trimming, grading or packaging), and includes, but is not limited to —

1. fruits, including apples, strawberries, raspberries, blackberries;
2. vegetables, including carrots, potatoes, onions;
3. salad crops, including lettuce, rocket;
4. herbs, including parsley, coriander;
5. funghi, including cultivated mushrooms;

2. Implementation period

We recognise the need for all businesses to review their current purchase agreements and make any relevant changes. To allow for this, we will include a grace period for all business purchasers to become compliant. This period would be six months (from the date of commencement for the proposed Regulations) for all new purchase agreements and 18 months (from the date of commencement for the proposed Regulations) for existing purchase agreements.

3. Requirement to use a written purchase agreement and general provisions

A business purchaser may not purchase fresh produce from a seller unless the purchase is made under a written purchase agreement that complies with the requirements of the proposed Regulations. A purchase agreement must contain a term that requires the business purchaser to act in good faith in relation to the purchase agreement. A purchase agreement may not contain any terms that are contrary to the provisions of the proposed Regulations.

A purchase agreement must be in writing and be signed by all parties to the contract - an electronic signature is sufficient.

4. Notice to disapply the Regulations (written contract opt out)

We understand there are some scenarios where producers may wish to sell fresh produce without a structured, long-term agreement. These instances include short term sales, to support deficits, or for those who sell through wholesale and take spot prices without the security of a pre-arranged buyer. In these instances, it would be burdensome to agree all the terms included here, such as force majeure, for what is a more transactional exchange, and we want to allow these sales to continue freely without being burdened.

For a seller to indicate they wish to sell fresh produce on this basis, the seller must give notice in writing to the business purchaser. This notice to disapply can be for a specific purchase, or to all purchases within a specified period. It can only be used for purchases of low value (less than £1000) or for short term agreements (with a supply period of less than one month).

5. Timings for Making Agreements

Purchase agreements that follow from a tender process must be agreed within 12 months of the first date of supply.

All other purchase agreements must be agreed within a reasonable timeframe before the first date of supply, according to crop production cycles.

“Reasonable Notice” means a period of notice, the reasonableness of which will depend on the circumstances of the individual case, including:

- the duration of the Supply Agreement to which the notice relates, or the frequency with which orders are placed by the Retailer for relevant Groceries;
- the characteristics of the relevant Groceries including durability, seasonality and external factors affecting their production;
- the value of any relevant order relative to the turnover of the Supplier in question; and
- the overall impact of the information given in the notice on the business of the Supplier, to the extent that this is reasonably foreseeable by the Retailer.

6. Express terms

The purchase agreement must contain all express terms that apply to fresh produce purchases.

The purchase agreement must be compliant with all the provisions for purchase agreements contained in the proposed Regulations and may not contain any “terms” that are contrary to the Regulations.

7. Supply period and purchase agreement terms

The purchase agreement must include provisions which outline its duration for the purchase of fresh produce and the first date of supply. Purchase agreements must be either fixed-term or rolling purchase agreements. The purchase agreement must state whether it is a fixed-term or rolling contract.

Fixed-term purchase agreements are permitted and must be set to expire on a particular named date or on the expiry of a specific period.

Rolling purchase agreements can remain in place and be entered into, providing that they comply with the rules around termination. A rolling contract is a purchase agreement that will continue until one of the parties terminates it. The procedure for the termination of the contract must be in line with the requirements for termination in this document.

We appreciate that specifying the first and last date of supply may be difficult due to factors such as weather. The proposed Regulations would therefore allow for both parties to freely agree and accommodate for periods at the start and end of the season so long as both parties have a reasonable communication mechanism in place, and that there is an agreed approach to managing the supply period. This should be done in a quantifiable way such

as by pre-agreed tolerances, where an acceptable range of before- or after-the supply start and end date is permitted without breaching the purchase agreement terms, or a more flexible and dynamic approach that considers factors impacting production such as weather, pests, and disease.

The purchase agreement must also set out any consequences of breaching these tolerances and the remedies available to either party.

8. Supply volumes

A purchase agreement must include provisions which cover the volume of fresh produce to be covered by the purchase agreement and over what time periods.

For purchase agreements which offer multiple fixed prices that cover different time periods, the volume of fresh produce for each period covered by a single fixed price must be agreed within reasonable notice of the start date of a supply period, according to the crops production cycle, to allow for sellers to have sufficient time for planning and crop management.

We appreciate that predicting supply volumes can never be done precisely, and so the proposed Regulations would allow for both parties to agree an approach to managing supply volumes, although this should be done in a quantifiable way. This can include pre-agreed tolerances, where an acceptable level of over- or under-supply is permitted without breaching the purchase agreement terms, or a more flexible and dynamic approach that considers factors impacting production such as weather, pests, and disease.

The purchase agreement must also set out the remedies available to the business purchaser if the qualifying seller provides a volume that is not within the agreed tolerance specified for that period.

9. Price and pricing mechanism

All purchase agreements must include information about the price that the business purchaser will pay, or the means by which the price to be paid is determined, for fresh produce supplied. A purchase agreement must use a fixed price, a variable price or a combination of a fixed and variable price.

Use of a fixed price

Where a purchase agreement uses a fixed price (whether or not in combination with a variable price), it must do so in accordance with the proposed regulations.

A “fixed price” is a price set out in the purchase agreement, that is expressed per volume of fresh produce; and will be paid by the business purchaser to the qualifying seller for the fresh produce supplied under the contract.

The purchase agreement may set out more than one fixed price within the duration of the contract. The price must be agreed within reasonable notice of the start date of a supply period, according to the crops production cycle, to allow for sellers to have sufficient time for planning and crop management.

The agreement must set out a procedure by which the price may be reviewed where exceptional market conditions occur and clearly set out what constitutes exceptional market conditions for this purpose.

Use of variable price

Where a purchase agreement uses a variable price (whether or not in combination with a fixed price), it must do so in accordance with the proposed regulations.

A “variable price” is a price per volume of fresh produce that is not fixed at the point that the purchase agreement is made but is determined in accordance with or by the business purchaser with reference to, factors set out in the purchase agreement.

To support this, the proposed Regulations will allow sellers a way to request a written explanation of how the price was determined. This only applies where **a purchase agreement uses a variable price model** for either or part of the full duration of the purchase agreement and the business purchaser has clearly set out the factors that it will have due regard to when setting a price. This may include factors such as input costs, and other factors such as fresh produce quality and size.

The seller must make the request for the explanation in writing to the business purchaser. The business purchaser must provide the explanation within seven days of the day that the request was given. Sellers can only request this written explanation once for every time the price is determined.

Review of pricing mid-purchase agreement

The purchase agreement must also set out a procedure by which the price may be reviewed mid-purchase agreement, also known as cost price increases (CPI). The procedure must provide that, where requested by the qualifying seller, the business purchaser must acknowledge receipt of the request in a timely fashion and invite the seller to enter into a discussion within one week. The purpose of discussion must be to review the price payable under the fresh produce purchase contract and where both of the parties agree, changing that price.

Promotional pricing

All purchase agreements must set out all dates for any promotional pricing of fresh produce. This includes the total volume to be covered by the promotional supply period and all information about the price that the business purchaser will pay, or the means by which the price to be paid is determined. Any further promotions not part of the original agreement would need to be compliant with the “Variations to the purchase agreement terms”.

10. Method and frequency of payment

Purchase agreements must also outline all terms and conditions related to how and when payments will be made to the seller.

11. Referral of a variable price to an independent third party

If a factor used to calculate a variable price relates to confidential data and is derived from the business purchaser, the purchase agreement must set out the procedure by which the seller can refer the explanation of how price was determined to a third party. The third party can verify the confidential information is accurate and supports the explanation of the price given. The third party can be any individual or organisation agreed by both parties and the name of this independent third party must be included within the purchase agreement. The independent third party should be suitably professionally qualified and able to analyse business data and provide analytical financial advice. The purchase agreement must also set out how the costs of the independent person will be apportioned between the parties. But the purchase agreement must provide that the producer may not be apportioned a greater share of the costs of engaging the independent person than is apportioned to the business purchaser.

12. Specification

Fresh produce

The purchase agreement must explicitly specify the minimum specifications (e.g. size, class, colour, presentation, marking etc) that will be utilised when procuring fresh produce.

We appreciate that controlling specifications is not always possible, and so the proposed Regulations allow for both parties to agree an approach to managing differing standards, although this must be done in an objective or quantifiable way. This can include pre-agreed tolerances, where an acceptable level of variations can be permitted without breaching the purchase agreement terms or a more flexible and dynamic approach that considers factors impacting production such as uncontrollable factors like weather, pests, and disease that impact supply nationally and globally. Risks and costs arising as a result of uncontrollable factors should be shared by the parties and clearly laid out within the agreement.

Packaging

The purchase agreement must specify all packaging specifications required for the total volume of fresh produce supplied. This must provide all information related to packaging materials and labelling and how this may vary depending on factors such as crop size, class or colour.

Any changes to packaging specifications must be proposed with reasonable notice, in line with the crop in cropping production cycles or upfront capital investment.

13. Rejections, deductions and bonuses

The purchase agreement must clearly set out when ownership of the fresh produce is handed over from the qualifying seller to the business purchaser, from which point rejections or charges cannot be made.

The purchase agreement must set out a clear and transparent procedure by which rejections are managed. The procedure must provide that, where rejected by the business purchaser, the purchaser must notify the seller of the rejection and reason for it in a timely fashion. The procedure must include a provision for how both parties should deal with challenges relating to the rejection disputes, whereby the qualifying seller has the right to inspect the rejected fresh produce within 24 hours of the date by which the rejection was raised.

The purchase agreement must specify all possible charges, deductions and possible bonuses related to the payments, including haulage and collection charges. The agreement must include obligations that all deductions are clearly itemised, and any defects communicated to the grower within a reasonable timeframe of delivery, with none subjected to ambiguity. It must include all information relating to these payments, including the cost and description related to the payments, and the reasoning behind them and date or timeframe of payments.

14. Force Majeure

A purchase agreement must include provision for force majeure. The provision must set out what constitutes a force majeure scenario and what action can be taken by both the business purchaser and the seller in such a situation.

Force majeure is not to be used in the case of a foreseeable event, an event in one party's control, or to be used because of changed market conditions. Instead, it is usually defined as 'certain acts, events or circumstances outside of either party's control, that prevent a party from fulfilling their obligations under the purchase agreement'. Each purchase agreement must describe its own force majeure provision, but a non-exhaustive list of such circumstances which could be specified includes extreme weather events, a disease outbreak on a farm, and emergency Government interventions that lead to a cessation in trading. Financial difficulty cannot by itself be grounds for force majeure.

15. Termination

All purchase agreements must include a termination process. The termination process must include a requirement for notice of termination of the purchase agreement to be made in writing to specified person nominated by the business purchaser and seller. The termination process must also include a reasonable

notice period, with consideration of crop production cycles, should one party wish to terminate.

The purchase agreement must also set out all scenarios where the purchase agreement can be terminated immediately by the seller without mutual consent through a written notice. This must include:

- a) Where the business purchaser is insolvent.
- b) Within 14 days of the seller becoming aware of the business purchaser materially breaching the purchase agreement.
- c) Where the business purchaser fails to make a payment in accordance with the purchase agreement and the seller gives notice to the business purchaser about that failure; within 21 days of that notice being given if the payment was not made within 7 days of that same notice.
- d) Within 14 days of the third occasion on which the business purchaser fails to make a payment in accordance with the purchase agreement.
- e) Within 14 days of the death of a relevant person named in the purchase agreement.
- f) Within 14 days of a requirement to pay a civil penalty or compensation being imposed on the business purchaser under the proposed Regulations.

16. Variations to the purchase agreement terms

A purchase agreement must not be varied by either party without the proposed variation having been agreed, in writing, by both business purchaser and seller. Any proposed variations by either party must be responded to within a reasonable time period.

17. Dispute Resolution

A purchase agreement must set out a procedure whereby the seller can make a complaint to, the business purchaser in respect of the business purchaser's compliance with the proposed Regulations (or any general concerns related to the purchase agreement).

It is permissible for a representative organisation to raise a complaint on behalf of their member(s).

The specific details of the procedure can be agreed between the parties, although the procedure must include the following, at a minimum:

- a) that the seller or their representative organisation must make the complaint by giving a notice to the business purchaser;
- b) the contact details of a person to whom the seller or their representative organisation may give the notice; and
- c) that, upon receiving the notice, the business purchaser must investigate, and take all reasonable steps to resolve, the complaint.

Any disputes raised must be acknowledged, and an investigative process commenced within a timely fashion. The business purchaser should also not take any penal moves on the complaining seller in any future purchase agreements.

18. Enforcement and penalties

The enforcement procedure under the proposed Regulations will set out how complaints relating to a business purchaser's alleged non-compliance with the proposed Regulations can be made and how complaints will be investigated and determined.

An enforcement regime has been created to oversee regulatory compliance. This responsibility will sit with the Agricultural Supply Chain Adjudicator (ASCA), which is already established to conduct enforcement activity relating to the Fair Dealing Obligations (Milk) Regulations 2024, on behalf of the Secretary of State for Defra. The ASCA will also be responsible for any other sectors where supply chain fairness Regulations are subsequently introduced.

All sellers who enter into a purchase agreement with a business purchaser will be able to approach the ASCA with an allegation of regulatory non-compliance (i.e. a formal complaint), so long as they have previously undertaken the dispute resolution procedure set out in their purchase agreement.

If a business purchaser is found to have breached the proposed Regulations, a monetary penalty (the maximum amount is 1% of the business purchaser's turnover) or requirement to pay compensation, or both, may be imposed on the business purchaser. Statutory guidance on the imposition by the ASCA, acting on behalf of the Secretary of State, of a civil penalty and/or compensation will be published by Defra prior to the proposed Regulations coming into force.

Agricultural Supply Chain Adjudicator (ASCA)

For more information on the ASCA, please visit [The Agricultural Supply Chain Adjudicator \(ASCA\): making a complaint - GOV.UK](#)

Glossary of terms

Terms to define:

- **“fresh produce”** means any edible horticultural product grown for human consumption, and has not been processed beyond basic post-harvest handling (such as washing, trimming, grading or packaging), and includes, but is not limited to:
 - fruits, including apples, strawberries, raspberries, blackberries;
 - vegetables, including carrots, potatoes, onions;
 - salad crops, including lettuce, rocket;
 - herbs, including parsley, coriander; and
 - funghi, including cultivated mushrooms.
- **“seller”** means, in relation to the purchase of fresh produce, a primary producer, a recognised producer organisation (under s.30 of the Agriculture Act 2020) or a recognised association of producer organisations (under s.30 of the Agriculture Act 2020) including those located outside the UK.
- **“primary producer”** means, in relation to the purchase of fresh produce, a person carrying on an agricultural activity for the production of fresh produce or otherwise in connection with their production.
- **“business purchaser”** means, in relation to the purchase of fresh produce, a person who purchases fresh produce in the course of carrying on a business that includes purchasing products of that kind.
- **“purchase agreement”** means a contract made by a business purchaser for the purchase of fresh produce from a seller.
- **“fixed-term purchase agreement”** is a purchase agreement that will terminate on the expiry of a specific period or on a specified date.
- **“rolling purchase agreement”** is a purchase agreement that will continue until one of the parties terminates it.
- **“fixed price”** is a price, set out in the purchase agreement, that is expressed per unit of fresh produce and will be paid by the business purchaser to the seller for fresh produce supplied under the purchase agreement.
- **“variable price”** is a price per unit of fresh produce that is not fixed at the point that the purchase agreement is made but is determined in accordance with, or by the business purchaser, with reference to factors set out in the purchase agreement.
- **“representative organisation”** means—
 - a producer organisation or an association of producer organisations recognised under Chapter 3 of Title 2 of Part 2 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products; or
 - a pre-commencement society, within the meaning of section 150 of the Cooperative and Community Benefit Societies Act 2014, that does not carry out processing activities.

- **“reasonable Notice”** means a period of notice, the reasonableness of which will depend on the circumstances of the individual case, including:
 - the duration of the Supply Agreement to which the notice relates, or the frequency with which orders are placed by the Retailer for relevant Groceries;
 - the characteristics of the relevant Groceries including durability, seasonality and external factors affecting their production;
 - the value of any relevant order relative to the turnover of the Supplier in question; and
 - the overall impact of the information given in the notice on the business of the Supplier, to the extent that this is reasonably foreseeable by the Retailer.

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Annex: Privacy Notice – Defra Consultation Exercises

Who is collecting my personal data?

For questions about this consultation exercise, and how we plan to introduce regulations for contracts in the egg sector please contact: freshproducecontractconsultation@defra.gov.uk

The data controller is the Department for Environment, Food and Rural Affairs (Defra). You can contact Defra's Data Protection Manager by email at: data.protection@defra.gov.uk

Any questions about how Defra is using your personal data and your associated rights should be sent to the above contact.

The Data Protection Officer responsible for monitoring whether Defra is meeting the requirements of the legislation can be contacted by email at: DefraGroupDataProtectionOfficer@defra.gov.uk

What personal data we collect and how it is used

We collect your:

- Name
- Contact details

Why is Defra using my personal data?

Defra uses your personal data when it consults you and receives your comments and views on proposed legislation or policy on subject matters that you have indicated are of interest to you. Defra may contact you directly inviting you to give your comments and views in reply to a consultation exercise or you may decide to reply to a consultation exercise that you have seen on GOV.UK or elsewhere.

If you reply to a consultation exercise, your personal data will likely consist of your name and contact details and the comments and views that you give in your reply. Defra will use your personal data to record your comments and views and take your reply into account – as far as possible with all other replies – when decisions are being made as a result of the consultation.

Defra may also disclose personal data when replying to requests under freedom of information laws.

Can my response be kept confidential?

If you would like to inform Defra that you would like all or any part of your reply to a consultation to be kept confidential, please state this when providing information to us. We will take your views requesting confidentiality into account as far as possible, but an absolute guarantee of

confidentiality cannot be given. This privacy statement accompanying the consultation provides further details about this below.

Lawful basis for processing your personal data

There are two lawful bases in data protection law that apply to Defra's use of your personal data for consultation exercises:

- your consent; and
- the use (or processing) of your personal data is necessary for the performance of a task carried out in the public interest.

Your consent is the initial lawful basis for the use of your personal data for the purpose of consultation exercises. If Defra has contacted you directly to inform you of a consultation exercise, it is because you have previously informed Defra that you would like to receive communications in relation to the subject matter of the consultation. Whether you received a consultation exercise directly from Defra or any other way, if you reply to a consultation exercise, you do so freely and voluntarily after having the opportunity to be fully informed by the consultation documents.

If you reply to a consultation exercise, the lawful basis for Defra's use of your personal data in your reply is that the use is necessary for the performance of a task carried out in the public interest. The relevant task in the public interest is that people and organisations, especially those likely to be affected by proposed legislation or policy, are consulted on the proposals and have the opportunity to give their views and comments. Defra will consider views and comments received in response to a consultation before making final decisions.

If Defra discloses personal data when replying to a request under freedom of information laws, the lawful basis is that Defra's use of your personal data is necessary for the performance of a task carried out in the public interest. The relevant task in the public interest is that Defra must comply with its obligations under the freedom of information laws.

Who we share your personal data with

Alongside new versions of the proposals for regulations we will also share brief summaries of our findings and the information shared with us; this will not include any personal data.

Within Defra, your personal and identifying data will be available to teams working on the consultation. These would include the following: the policy team from which this was shared, the Consultation Coordinator and the team analysing the consultation responses.

If you are relying on my consent to use my personal data, can I withdraw my consent

You have the right to withdraw your consent at any time by using the Defra contact details given in the documents for any consultation exercise. If you withdraw your consent, Defra may be able to continue to use any personal data it has already received up to that time for the purpose of consultations you have replied to, particularly if your reply has already been included in the consideration of the proposals that are the subject of the consultation.

If I reply to a consultation exercise, how long will my personal data be held for

Defra will hold your personal data for up to two years after the end of the consultation period.

What happens if you do not provide the personal data

Your participation in consultation exercises is voluntary and there will be no repercussions for you if you choose not to reply to a consultation or if you withdraw your reply at any time.

Use of automated decision-making or profiling

The personal data you provide is not used for:

- automated decision making (making a decision by automated means without any human involvement)
- profiling (automated processing of personal data to evaluate certain things about an individual)

Your rights

Based on the lawful processing above, your individual rights are:

Lawful basis	Individual rights
Public task	<ul style="list-style-type: none"> • The right to be informed • The right of access • The right to rectification • The right to restrict processing • The right to object • Rights in relation to automated decision making and profiling
Consent	<ul style="list-style-type: none"> • The right to be informed • The right of access • The right to rectification • The right to erasure • The right to restrict processing • The right to data portability • Rights in relation to automated decision making and profiling

Complaints

You have the right to lodge a complaint about the use of your personal data at any time with the Information Commissioner's Office (ICO – the data protection supervisory authority). If you wish to exercise that right, full details are available at:

<https://ico.org.uk/make-a-complaint/>

Personal Information Charter

Our personal information charter explains more about your rights over your personal data.

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/personal-information-charter>.

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