

Summary of Responses: Proposals for Fair Dealings Regulations in the Egg Sector

The Government is using 'Fair Dealing' powers to address concerns on power imbalances between producers and buyers in agriculture. New regulations on reforming contracts to provide greater certainty across the supply chain have now become law in the milk sector, with new rules made in Parliament on pigs, in March 2025. In 2023, we conducted a public consultation on 'contractual relationships in the UK egg industry' and we have used those responses to inform the first draft of fresh produce regulations.

We sent this draft to respondents in March 2025 and have had constructive engagement with groups and individuals across the sector, receiving 18 detailed responses to the proposals, covering producers, packers, retailers, representative groups, and others with an interest in the sector. We have also held several meetings with representative organisations, producers, egg packers and the devolved administrations.

This document summarises the responses to the initial proposals and the changes to the first draft based on and the feedback. It also provides some FAQs to aid understanding on topics where we have received multiple questions.

Next steps

Alongside this summary of responses, we have shared version 2 of the proposals for fair dealings regulations in the egg sector. The consultation remains open to all, and any queries and responses should be sent to our email:

eggcontractconsultation@defra.gov.uk. Further drafts of the proposals will be shared as needed, and a final version of the regulation will be shared for a final review before any legal and parliamentary processes are followed to introduce regulations into law.

Summary of Changes made from v1.1 to v2.

- Extent: We have amended language to emphasise the regulations will apply to all purchased shell eggs (including those to be used for processing and not just consumption), adjusted language to aid readability following feedback.
- Requirement to use a written purchase agreement and general provisions: We have added more detail on the format of a written purchase agreement, and clarified the need for it to be signed.
- Notice to disapply for spot market purchases: We have added this as a new section following feedback from the industry on the existence of a 'spot market' for eggs. This provision would allow greater flexibility for short term sales, outside of the longer-term purchase agreement.
- Supply period and purchase agreement terms: Added greater flexibility to supply periods to allow for adjustments in flock cycle length.

- Price and pricing mechanism: Following feedback from purchasers and retailers, we have added detail on the frequency of price changes allowed, to help manage the burden for dealing with these changes, as well as the burden that could arise from justifying more frequent changes.
- Specification: Following advice from the sector, we have added 'British Egg Marketing' to the line on standards for grading criteria.
- Charges and deductions: Some respondents asked for clarity on the level of detail needed for charges in an agreement, so we have added wording.
- Cooling off period: We have removed this section following cross-sector feedback that a cooling-off period is not required and could create issues in the supply chain including price exploitation, bad practice and disrupted supply.
- Dispute resolution: In response to questions on the process involving the person to give notice to, we have added the word '*designated*' to section 16b.

Summary of Responses to the Proposals for Fair Dealings regulations in the egg sector, version 1.1

We shared version 1.1 of the proposals for fair dealings regulations in the egg sector in March 2025, and have had constructive engagement with groups, businesses and individuals across the sector, receiving 22 detailed responses via email to the draft proposals; and across a range of meetings we heard the views of many others, including producers, purchasers, and retailers.

We have also met with the devolved administrations, representative organisations, and industry bodies and their boards, including the National Farmers' Union (NFU), British Free Range Egg Producers Organisation (BFREPA) and the British Egg Industry Council (BEIC).

This report summarises the responses and changes to the first draft based on feedback.

Most respondents have supported the overall aims of this work, including the introduction of regulations to mandate that all agreements are written and that they promote transparency and fairness. We have had a range of feedback from stakeholders across the sector and have summarised the feedback below by section.

Extent: Clarifications were sought by many consultees on the exact scope proposed, and we have amended this as detailed in the section above.

A key area of feedback so far has been on the scope of the regulations, with many across industry requesting for the Fair Dealings regulations to apply to contracts between egg packers and their customers. Relationships between egg packers and retailers are already regulated by Groceries Supply Code of Practice (GSCOP) and the Groceries Code Adjudicator (GCA), and we do not intend to double regulate these relationships. Engagement to date has made clear the strength of feeling on this issue, but we have not heard sufficient depth to the arguments for changing this. It would help to know why GSCOP alone is not providing sufficient protections to egg packers, what elements of the Fair Dealings regulations will further support fairness for egg packers, and the specific impact that these regulations would make to individual egg packer businesses, amongst other evidence.

One respondent suggested there should be one single body to check compliance for the fair dealing regulations and the GSCOP, and another queried how overlap between the two would work. The Agricultural Supply Chain Adjudicator (ASCA) and GCA are separate roles enforcing separate regulations, but we will ensure clarity is provided on their respective roles, and that it is clear for those who need support on how to receive it.

Implementation period: Some comments from respondents highlighted they believe that 18 months might be too short to implement the regulations on existing

contracts. Reasons cited include the existence of contracts running for longer than this, and the complexity within some more complicated arrangements involving multiple barns operating on different flock cycles. As with the other sectors already regulated, the Government wishes for these regulations to come into force before all existing contracts expire (especially given the existence of rolling agreements without an end date). It should be noted that both dairy and pigs have 12-month implementation periods, and a further six months has already been proposed owing to the complexity of some arrangements and length of flock cycle. Further details are requested of any specific instances where this will create operational challenges.

A couple of respondents questioned if these regulations would render existing agreements as null and void. We clarified they would not. The introduction of regulations does not automatically terminate or override existing contractual notice periods, nor provide unilateral release from existing termination obligations. However, existing arrangements may become non-compliant with these regulations and both businesses should seek to agree new terms within the implementation period to ensure compliance. As seen in other regulated sectors, this is typically a negotiation on terms not present in the original agreement, rather than a wholesale renegotiation of the agreement as a whole.

Requirement to use a written purchase agreement and general provisions:

Most respondents clearly supported the introduction of this requirement, and we received no comments to the contrary. Some respondents emphasised the need for flexibility within this framework on the specific terms offered, which remains permitted within these regulations. Some other respondents raised some scenarios, such as through short-term spot purchases, and we have introduced an option to disapply the regulations in these scenarios.

Some responses highlighted that they would like to see the requirement for purchasers to act in good faith to also apply to producers. These regulations are designed to provide protections for producers against unfair trading practices that arise as a result of power imbalances and other factors. While we expect producers to also behave in good faith, we believe those purchasing from them could require this as part of any agreement and have not heard evidence of any scenarios where this could not be done without Government support.

Express terms: Most respondents agree with this section although many needed further explanation of exactly what the impact of this section is. Some other comments requested that we outline what all the express terms are. This document already defines express terms that must be in all regulated agreements, but other express terms outside of this can be present in contracts and will vary within each commercial arrangement.

Supply period and purchase agreement terms: Many respondents raised questions on operability and the parameters of flock cycles and dates. We have amended the wording on flexibility and tolerances and are consulting further.

Supply volumes: Several respondents raised queries for different scenarios and concerns on potential limits to purchaser-producer negotiation. We explained the key here is transparency over what is agreed and expected by both parties.

A couple of comments also highlighted the need for remedies to be available for purchasers, not just for producers (e.g. when supply volume is short). Under the regulations, purchasers and producers are still free to negotiate the specifics of their contract but the terms must be clear and agreed in writing by both parties.

Price and pricing mechanism: Most respondents agreed that greater transparency on pricing within variable agreements was needed and this would be welcome. Some purchasers highlighted concerns on possible restrictions to changing prices within permitted variable agreements, and we sought to clarify this would still be possible if the change could be justified with regard to pre-agreed factors. There were concerns over the potential burden this could create or that it could lead to a greater prevalence of fixed price contracts, which we do not anticipate. We welcome further feedback from all parties on this.

Referral of variable price: Many consultees requested clarity on who could be the third-party person that verifies confidential information and that it supports the explanation given. While we anticipate this person to likely come from a professional background, such as an accountant, lawyer, or business consultant, the regulations allow it to be someone from a broader background as long as both parties agree.

Specification: Some respondents suggested changes to refer to the British Egg Marketing Standards, which we have made.

Charges and deductions: Some respondents raised technical questions and suggested a change in wording. The regulations state that all possible charges must be present in this section and specified with amounts and the rationale for when and how they can be applied so that it is clear for both parties.

Force Majeure: Many respondents asked for further definition of this and what it included. The proposed regulations mandate this section, but we believe the specific clauses within it should be discussed and agreed between both parties.

Cooling off period: Responses on this issue clearly identified the provision of a cooling-off period would benefit neither producer nor purchaser. Upon agreement, both parties would want to begin progressing the agreement with immediate investments, and the option to cancel the agreement could result in costs incurred. It is believed both parties should carefully consider the agreement before signing, upon which point it is final and binding.

Termination: Many respondents asked questions around 'what if' scenarios e.g. termination periods, life events, and what is giving 'proper' notice? Under the regulations, the specifics are for each party to discuss and decide but there must be a clear and transparent termination process.

Some purchasers have called for more balance and a right for them to terminate immediately in certain conditions. As with the good faith aspect, we anticipate these can be included in agreements without Government intervention but welcome evidence on this.

Variations to the purchase agreement: There is unanimous agreement that the contract should not be varied unless agreed in writing by both parties. Some concerns were raised over the impact of this clause on price changes within a variable agreement. Where the agreement allows variable prices within it, changes to price are permissible without changing the agreement, so long as the price changes do not breach any of the specific terms previously agreed.

Dispute resolution: Most respondents support agreements including a formal dispute resolution process, to encourage communication between both parties and prevent issues from requiring further support. Some purchasers requested a reciprocal dispute arrangement where the purchaser has a complaint against the seller. Clarity has been requested on resolution timelines, access for small purchasers, who the designated person is, and penalties for non-compliance.

One comment highlighted the use of representative groups goes against the spirit of encouraging communication between both parties without escalating. We have removed this to test whether the proposals work better without the inclusion. Agreements can still allow for them to represent either party, it is however not being proposed as a requirement and representative groups can still play a key role in providing support and advice to either party.

Enforcement and penalties: Many respondents requested further information about how enforcement will work and the overlap with GSCOP. We explained that each have separate roles enforcing regulations at either end of the supply chain, but we will ensure that both offices can work together and that it is clear to all how to raise complaints.

Other issues: Some consultees hoped that the regulations would assist with breaches of contracts and be more prescriptive in setting 'fair' prices. The regulations are not a legal remedy for the former and do not replace current routes to deal with breaches in commercial law. Further, the Government will not intervene directly in markets to set prices but wants to ensure that pricing and other terms that are agreed to, are based on a transparent understanding of the terms, and that producers are protected from unfair practices where they exist.

Frequently Asked Questions

- **Is this a UK regulation?**

The proposed regulation applies to UK business purchasers. Where a UK purchaser is purchasing from outside the UK but if someone is buying from outside the UK (for instance, a NI-based egg packer purchasing from an Irish egg producer), their purchase agreement would still be in scope of the regulations.

- **In which format should the contracts be?**

The contract must be written (electronic or paper) and agreed and signed by both parties to be compliant.

- **Why do these regulations and some of the clauses in it, such as the obligation to act in 'good faith' protect producers and not the purchasing businesses?**

These regulations are designed to provide protections for producers against unfair trading practices that arise as a result of power imbalances and other factors. In the case of the 'good faith' obligation, we expect producers to also behave in this way, but believe those purchasing from them could require this as part of their agreement without us regulating for it and have not heard sufficiently persuasive evidence of any scenarios where this could not be done without Government support.

- **Do existing agreements become null and void as the regulations come into force?**

These regulations will not render existing agreements as null and void. The introduction of regulations does not automatically terminate or override existing contractual notice periods, nor provide unilateral release from existing termination obligations. However, existing arrangements may become non-compliant with these regulations and both businesses should seek to agree new terms within the implementation period to ensure compliance. As seen in other regulated sectors, this is typically a negotiation on terms not present in the original agreement, rather than a wholesale renegotiation of the agreement as a whole.

- **I don't have a dispute resolution process, should I have one?**

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

- **Will the regulations set what a minimum price should be?**

Prices should be determined by fair negotiations in an open market. The regulations do not directly require purchasers to change the price they pay for agricultural products, nor set prices or dictate specific pricing formulas. However, contracts must be clear and transparent on pricing.

- **Who would qualify as a third-party person for verifying confidential information for variable prices is accurate?**

While we anticipate this person to likely come from a professional background, such as an accountant, lawyer, or business consultant, the regulations allow it to be someone from a broader background as long as both parties agree.

- **Will the introduction of these regulations require legal input and costs to ensure contracts are compliant?**

There may be some costs, and time will be required to make the changes. Before introducing the legislation, we will assess the costs, but it is also up to individual businesses to seek their own advice on this.

- **Who enforces Fair Dealing Obligations?**

Acting on behalf of the Secretary of State for the Department for Environment, Food & Rural Affairs, The Agricultural Supply Chain Adjudicator (ASCA) is responsible for enforcing the Regulations. The ASCA is only able to deal with cases where there has been a breach of the Regulations.

- **How will the Groceries Code Adjudicator (GCA) and ASCA work together on issues that overlap?**

These regulations have been developed with the intention to prevent direct overlap, however, there may be unforeseen cases where they do. Both the GCA and ASCA have committed to working together and we will ensure that the route for complaints is clear and accessible.

- **How can I find out more about the ASCA and is there a contact for them?**

You can contact the ASCA via their website and email: asca@defra.gov.uk and can raise an issue in confidence through the following email address: ASCA-in-confidence@defra.gov.uk.