

Supermarkets up their game in changing trading practices

THE Groceries Code Adjudicator

(GCA) Christine Tacon has been praised for playing a major role in changing the culture and behaviours of the UK's 10 biggest retailers.

This is the view of the National Farmers' Union (NFU) which has submitted evidence as part of a Government review into unfair trading practices, alongside the statutory review of the GCA role. It comes as the results of the GCA's Annual Survey show a clear improvement over the past 12 months in the practices of some leading supermarkets, including Tesco and Iceland.

In its evidence the NFU has called for more retailers, food service and food manufacturers to be brought under the scope of the Groceries Supply Code of Practice (GSCOP). It has also suggested that voluntary codes of practice in farming be made compulsory in order to give the GCA "more teeth".

President Meurig Raymond said he believes Mrs Tacon's clarity and interpretation of the GSCOP has led to significant changes.

"The GCA plays an important role within the grocery sector and undoubtedly Mrs Tacon has had a positive impact since she took office in June 2013. The NFU believes the power of the GCA's presence has enabled a change in retailer behaviour and therefore this way of working now needs to be replicated throughout the whole supply chain.

"It is also vital that the position remains independent. The power of intermediaries has increased in the years since the Competition Commissions investigation of 2008. Many businesses have increased their market power which they have been able to assert over suppliers and, to a lesser extent, retail customers as we have seen reported in the media over the past few months.

"The increasing consolidation of suppliers and processors within the supply chain, in turn reducing competition and increasing buying power, leads to a power imbalance within the supply chain; that of the intermediaries versus farming businesses. This has led to unfair trading practices to be pushed onto

producers."

Mr Raymond added: "The NFU believes more retailers, food service and food manufacturers should fall under the scope of GSCOP to ensure the principles of fair trading are inherent across the whole supply chain.

"The NFU is also calling for the ornamental sector to be brought under the GSCOP legislation. The industry is worth £2 billion to the UK economy but direct suppliers do not fall within the definition of 'groceries' in the GSCOP. This means suppliers of flowers and plants to UK supermarkets do not have the protection the GSCOP or GCA provide.

"We would also like to see the principles of the agri-sector voluntary codes of practice, such as the Dairy and Livestock Voluntary Code, made compulsory and overseen by the GCA to give them more teeth. This will give primary producers the confidence that the supply chain is not abusing their buying power and position over that of the British farmer."

NFU key asks include:

- A reduced turnover bracket of GSCOP to include more retailers, foodservice and food manufacturing businesses.
- For the ornamentals sector to be included within the scope of GSCOP legislation.
- The principles of voluntary code made compulsory and for the GCA to oversee these.
- The GCA to have the ability to take evidence of any breach from primary producers.

Mr Raymond added: "Farmers need

Mr Raymond added: "Farmers need to have confidence in their trading relationships to be able to invest in their businesses. This allows them to innovate and become more efficient in producing quality British food.

"British farming is the bedrock of the food and drink industry - worth \$108 billion - providing jobs for 3.9 million people growing the raw ingredients for UK food and drink. We need to create a supply system which is fair, transparent and has benefits for everyone in the food chain."

Results from the GCA Annual Survey show that both Tesco and Iceland, over the past 12 months, have improved the most in changing their trading practice.

Tesco improved from 37 per cent in 2015 compliant with GSCOP, to 65 per cent in 2016 and Iceland from three per cent to 26 per cent compliant. Improvements still need to be made by Morrisons, however, who ranked bottom of the league table when comparing all retailers overall assessment of compliance with the Code. Aldi and Sainsbury's were top.