

Client: Competition Commission Coverage
Source: Farmers Weekly Interactive (Web)
Date: 02 August 2013
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Rogue retailers face #500m fine

Rogue retailers could be fined up to £500m if they are found guilty of mistreating their suppliers.

The proposal is contained in draft guidance for consultation on how investigations will be carried out into suspected breaches of the Groceries Supply Code of Practice.

Established to ensure supermarkets treat their suppliers fairly, it is proposed that retailers who breach the code are fined up to 1% of their turnover.

Britain's biggest retailer is Tesco, which has a turnover of £48bn.

Disputes between retailers and suppliers will be arbitrated by the Groceries Code Adjudicator, who will carry out investigations into suspected breaches of the code.

The guidance sets out the GCA's criteria for starting an investigation, the procedure for carrying out investigations and its enforcement powers, which include financial penalties.

Confidential complaints and evidence about how large supermarket retailers are treating their direct suppliers can be sent to adjudicator Christine Tacon, who was appointed in January 2013.

"Investigations will be important not only to tackle individual breaches of the code but also to send out a clear message to the whole sector when particular behaviour is unacceptable," she said.

"I can only carry out a small number of investigations so, as set out in the guidance, I will want to choose cases with the maximum impact and importance.

"If I do find a breach of the code then there are a range of actions I can take, which can include financial penalties in the most serious cases."

Ms Tacon said the work she was already doing to ensure awareness and observation of the code aimed to prevent problems reaching this stage.

But it was important for everyone to know that the code was backed up by the sanction of investigations and potential penalties where necessary.

"I need to establish a robust framework which ensures that investigations follow a fair and clearly established procedure - so I would encourage all interested parties to let me know their views."

The GCA cannot start investigations until the final guidance is published but it can arbitrate on disputes and receive complaints which may lead to an investigation.

Business secretary Vince Cable will have the final say on fines.

The consultation can be found here

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<http://www.fwi.co.uk/Articles/2013/08/02/140338/rogue-retailers-face-500m-fine.html>



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[Journalistname]Johann Tasker[/Journalistname]