



Groceries Code Adjudicator

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3 June 2019

Dear Rachel, Dear Neil,

I was pleased that your letter expressed gratitude for the work I have done to make things better for suppliers. That certainly was not the impression I received during the evidence session on 14 May. I took on the Groceries Code Adjudicator (GCA) role to make a difference to the sector and I am proud of the progress that has been achieved.

I understand that the Committee might be seeking possible solutions if it has heard of issues in the retail sector or wider supply chain that it considers should be addressed by regulation. Parliament however gave the Groceries Code Adjudicator (GCA) a clear remit and specific powers and I entirely properly work within the powers I actually have. It would be inappropriate for me to do otherwise, including to give speculative opinions on matters outside that remit or about things suppliers and retailers do not in fact discuss with me. I have always been clear and consistent on this point. If members draw from this that I am resistant to any extension to the role of the GCA, they are mistaken: the point is, that is not a question for me but for others. I have all the powers I need to do the job I have been given, as my considerable success in post demonstrates.

I now turn to the points raised in your letter.

You mention Northern Ireland as an example of an area of the UK with strong regional representation of smaller retailers. Can you address any issues or concerns that may arise from this with the powers you have?

I am aware that in Northern Ireland there are other retailers that have a presence which do not operate in the rest of the United Kingdom. Questions in relation to designation under the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) are a matter for the CMA. My role only covers those retailers which are designated by the CMA. I speak up for all suppliers, wherever they are based, when I hear of issues in relation to those retailers.

On the Sainsbury's/Asda merger, we asked whether the CMA contacted your office about the merger and their inquiry. Could you confirm whether the CMA did contact you and if so at what stage of its investigations? What discussions were held with the CMA?

I can confirm that the CMA contacted me in the early stages of its inquiry. There were no discussions between us because I made it clear that I have no statutory remit in this area and

my role in monitoring and encouraging compliance with and enforcing the Code is not relevant to the CMA's inquiries in relation to proposed mergers.

Finally, we would be grateful for your reflections, after six years in post, about what more could be done to improve the power imbalance between suppliers and the regulated retailers.

There has been significant change in the behaviour of the regulated retailers and suppliers tell me they notice a difference. However more suppliers need to be trained in the Code so they know how to use it in their dealings with retailers and they need to speak up to me, to their trade associations or directly to retailers' Code Compliance Officers. It is only by the issues being highlighted in these ways that I can take steps to address them. During the evidence session, some Committee members indicated that they had heard from suppliers about particular issues. If that is the case then I would encourage MPs to raise those issues with me directly or better, to encourage those suppliers to get in touch with my office directly.

Would suppliers benefit from the provisions of the Code being expanded? How best should the Code be future-proofed? In what circumstances do you believe your remit and powers should change to reflect the changing groceries market?

The Code came out of two Competition Commission inquiries that looked into the issues that suppliers faced in their dealings with the UK's largest groceries retailers. It is properly the role of the CMA to look into whether the Order or the Code needs to change. Similarly it is the CMA's responsibility to decide whether or not to carry out any further market investigation in response to developments in the groceries sector. Suppliers, trade associations and others should speak up to the CMA with their views on the impact of any changes in the market. I have also made clear that in my view, there should be a level-playing field among all groceries retailers of a similar scale, so some are not operating in an unregulated environment while their direct competitors are regulated.

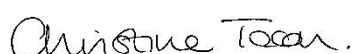
Is another regulator or body best placed to deal with issues such as payment terms?

Yes. It is not in my remit to regulate payment terms and I only cover one part of one sector. Issues such as payment terms are of interest in many sectors of business.

Which other sectors could benefit from a Code and an Adjudicator?

The Code and Adjudicator model has worked well in the groceries sector. I can see no reason why similar models could not be established in other sectors if government, the CMA or Parliament considered there was a sufficient case to do so. People do not talk to me about other sectors so I do not have any information I can provide the Committee about them.

Yours sincerely,



Christine Tacon
Groceries Code Adjudicator