

## Competition Commission backs creation of supermarket watchdog

Following a two-year investigation into supermarket power, the Competition Commission has released its provisional recommendations.

6 March 2008

The report supports Traidcraft's campaign demands for a stronger code of practice and the creation of an independent watchdog to oversee relationships between supermarkets and their suppliers.

The Commission, an independent public body, has been investigating whether supermarkets have become too dominant in the UK grocery business which is now worth 120 billion a year. Its focus is whether this may stifle competition, reduce the benefits to consumers and affect small retailers such as corner shops.

The Commission signalled last year that it had two main concerns about supermarket practices which could ultimately affect consumers in the UK:

1. manipulation of planning laws to enable one store to dominate certain areas
2. unfair practices that pass risks and costs down to suppliers.

### Speaking out for suppliers in the developing world

Traidcraft has been campaigning against supermarkets' unfair practices and the impact these have on people in developing countries who supply many of the products we buy. Our research shows it is farmers and workers at the bottom of the supply chain who ultimately bear the brunt of the relentless pressure from supermarkets to keep costs low.

And we know that you want change too. In our survey of our supporters' attitudes last year, 97% said they wanted to see regulations on supermarkets to ensure fair treatment of suppliers; while 95% said that fair wages and decent working conditions for suppliers should be a legal requirement for all products.

Some measures are in place to prevent abuses of power, but the existing voluntary supermarket code established in 2000 has proved ineffective because it is ambiguous and lacks a mechanism for dealing effectively with complaints.

### What we are campaigning for

We are calling for:

- a stronger and tighter Supermarket Code of Practice which would ban abuses of power such as changing the price after delivery and demanding payments from suppliers to keep their products on the shelves.
- an independent adjudicator with sufficient power to investigate complaints of bad practice and to penalise supermarkets that break the Code.

Fiona Gooch, Traidcraft's Private Sector Policy Advisor said, "We are delighted that the Commission has backed a tighter code of practice and the establishment of an ombudsman after consultation with many interested groups, including Traidcraft Exchange. It's particularly encouraging that the Commission has recognised that unfair practices by supermarkets can be bad for consumers too."

### What next?

This is a significant step forward for our campaign. However, the Commission's recommendations are provisional and will not be confirmed until the final report due at the end of April. We can expect a period of fierce lobbying by the supermarkets as they try to water down the proposals.

We would also like the Commission to go further in two areas.

1. We want to see more explicit recognition of the fact that farmers especially bear the risks and costs passed down the supply chain. The ombudsman needs to look at the whole chain, not just the companies that directly supply the supermarkets.

2. Our biggest concern is that the watchdog must have enough 'teeth' to create changes within the grocery sector. That is why we will continue to argue for an ombudsman that is independent, guarantees anonymity for suppliers and which has the power to levy significant fines.

#### Find out more

- [A Raw Deal? Supermarkets and their suppliers \(349kb\)](#)

For more information on our campaign, download our background paper.

- [Competition Commission report on supply chain remedies](#)

Read the section of the Commission's report that deals with remedies for problems in supermarket supply chains.

- [Competition Commission's full recommendations](#)

Read the Commission's entire report on problems with the grocery sector and their proposed solutions.