

CC final report leaves farmers still facing risks

The Competition Commission inquiry into UK grocery retailing has left small farmers in the developing world still facing excessive and disproportionate risks, says one of the country's leading social enterprises.

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Now Traidcraft, which works with hundreds of small producers in almost 30 developing countries, is calling on the Government to protect the workers in the supply chain who do not have a direct relationship with supermarkets from having unfair risks passed on to them by intermediaries.

The Competition Commission's final report says that suppliers directly in contact with the supermarkets are transferring excessive risks and unexpected costs further up the supply chain.

In response, it has recommended a strengthened and extended Groceries Supply Code of Practice and the establishment of an independent Ombudsman, to govern the way retailers deal with their suppliers. But it has declined to enable "creative and manufacturing" suppliers to be able to get redress for decisions made by supermarkets which directly impact them, because they say this was outside its terms of reference. And that omission has left millions of small producers, primarily farmers, vulnerable to continuing to have the risks passed onto them, says Traidcraft.

"Without the means to right any wrongs against them, the appalling behavior of transferring risk up the supply chain to those most vulnerable – a practice which the Commission report acknowledges takes place – will continue," said Fiona Gooch, Traidcraft Senior Policy Advisor.

"The Department for Agriculture and Rural Affairs, and the Department for Business Enterprise and Regulatory Reform, must act now to extend the role of the Ombudsman so that all people working in the grocery sector supply chain are treated fairly.

"They need to act quickly to establish mechanisms which protect vulnerable suppliers from the sort of risks currently being transferred onto them by the supermarkets."

An online survey by Traidcraft of almost 2,000 consumers shows that consumers are concerned about poor practices by retailers towards suppliers, support the role of a regulator, and want to know when a retailer treats a supplier "unfairly". 94% of respondents wanted to be publicly informed through newspapers or public authorities' websites if supermarkets engage in unfair practices:

"We welcome the establishment of an independent Ombudsman but for the role to be a sufficient deterrent to stop anti-competitive practices by retailers, it needs to be able to compensate suppliers appropriately and fine retailers at a proportionate level for non-compliance. And customers and shareholders should be told when the Ombudsman discovers violations," says Fiona Gooch.

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Notes to editors:

- Traidcraft is the UK's leading fair trade organisation, fighting poverty through trade. We trade with small-scale producers in developing countries and support people to build sustainable livelihoods. We also conduct policy and advocacy work, seeking to make global trade rules more supportive of the interests of developing countries.
- For more information contact Melissa Duncan on +44 (0)191 497 6462 or +44 (0) 7831 576103 or email melissad@traidcraft.co.uk