



The Irish Farmers' Association

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Grocery Code of Practice Consultation,
Competition and Consumer Policy Section,
Department of Enterprise, Trade & Employment,
Earlsfort Centre,
Lower Hatch Street,
Dublin 2.

Email: conspol@entemp.ie

**Re: Consultation in relation to the Introduction of a Code of Practice for
Grocery Goods Undertakings**

Dear Sirs,

In response to the request by the Tánaiste and Minister for Enterprise, Trade & Employment Ms Mary Coughlan T.D., enclosed please find the IFA Submission and response to the eight specific questions raised in the Consultation request.

This response should be read in conjunction with the detailed Submission entitled "*IFA Proposals for a Supermarket Code of Practice and Supermarket Ombudsman*" lodged with the Tánaiste's office by the IFA in July this year.

Q1. Should the introduction of any Code be on a voluntary or statutory basis?

The IFA has proposed a statutory Supermarket Code of Practice. The UK experience would indicate that a voluntary Code will not work or be effective.

Who should draw up such a code? The IFA believe the Department of Enterprise, Trade & Employment together with the associated State Agencies working in consultation with all the stakeholders should draw up the Code.

How do you see compliance costs varying between a voluntary and a statutory Code?

To be effective the Code must be statutory and IFA believe the supermarkets should meet the compliance costs.

Q2. Depending on whether any Code is voluntary or statutory, how should it be enforced?

The IFA has proposed a statutory Code should be enforced by an Independent Supermarket Ombudsman office.

How should such enforcement be funded? Funding should come from the supermarket retail sector.

Q3. Should a separate Ombudsman office be established and if so how and by whom will this be funded both on establishment and on an ongoing basis?

The IFA believe an independent Supermarket Ombudsman office is essential. It should be funded by the Supermarket retail sector both on establishment and on an ongoing basis.

Q4. What type of Grocery chain elements should be covered by the Code?

All of the Grocery chain elements should be covered by the Code from the Consumer right back to the primary producer and all in between.

Should a threshold be introduced to limit the application of the Code? If so, on what criteria should it be based and at what level should it be set?

Any threshold would have to take account of the turnover of the main retailers operating in the State. The Code should ensure fair trade for all suppliers, distributors and primary producers (regardless of turnover) in their dealings with retailers.

Q5. Should any Code be limited in geographical extent and if so what should that limitation be and how would the provisions of the Code be enforced against Grocery good undertakings located outside the jurisdiction?

Clearly the main focus of the Code would be on retailers/supermarkets operating within the Republic of Ireland. However, the provisions of the UK Code whereby suppliers from outside the State are also covered should be incorporated into an Irish code.

Q6. Will the provisions of the initial draft outline Code help to achieve a fair balance in the relationships between retailers and suppliers? Are there any specific provisions which inhibit achieving that balance? Are there other provisions which might help achieve that balance?

The Code must enshrine the principle of fair trade in the Grocery sector and provide a means for a more equitable share-out across the food chain of the consumer price.

The Code must address the imbalance of power in the supermarket/supplier/producer relationship that threatens the Irish food supply chain by placing unsustainable pressure on suppliers and in turn producers by retailers.

The Code must outlaw below costs selling and predatory pricing practices, whereby supermarkets abuse their dominant position in the food chain with the result that primary producers and suppliers are forced to accept prices below the costs of production. Retailers have a responsibility to producers as well as consumers and prices must reflect the costs of production and leave producers with a reasonable margin.

The Code must outlaw threats of delisting and other strong-arm tactics by supermarkets which compel suppliers to fund price discounting.

As well as the issues outlined above, the Code must also deal with: fair dealing and fair trade, abuse of retail power, supply agreements, below cost selling, payment terms, marketing costs, promotions, shrinkage, wastage, price discounting, off invoicing discounting, hello money, margin enhancement payments, unilateral price reductions, non-contractual demands and other issues.

Q7. What will be the impact of any Code on the consumer and prices of goods for consumers and how should any Code be framed to ensure consumer welfare and the need to ensure that there is no impediment to the passing on of lower prices to consumers?

A key consumer welfare issue is the continued availability of a sustainable supply of top quality Irish food at competitive prices. This important objective must not be overlooked in retailers' constant drive for lower prices. A more equitable share-out of the consumer price along the food chain may not involve an increase in the final price charged to the consumer. Over 270,000 people are employed in the Irish Agri-food and drinks sector or one in seven of the work force.

Q8. Specific comments on the contents of the draft outline Code of Practice for Grocery Good Undertakings?

See replies to Q6 above. Also please refer to IFA Submission to the Tánaiste in July.

The IFA is very anxious that the problems from the lack of regulation of the supermarket grocery sector in the food supply chain be urgently addressed. Our President Pdraig Walshe would welcome the oppournity to meet with the Tanaiste to discuss our proposals at the earliest possible convenience.

Kind Regards,

Yours sincerely,


Kevin Kinsella
Director of Livestock