Addressing unfair trading practices – the UK model

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British Brands Group

- Founded in 1994
- The collective voice for brand producers
- A mission to support vigorous, fair competition
- Champions and defends brands in public policy
- Co-operates with a wide range of other associations
- Part of a larger international brand association network
- The UK’s member of AIM
Background

Unfair trading practices

- An aspect of grocery markets in many countries
- Much discussed and scrutinised in the UK
- EU – voluntary approach launching in July
  - consultation on unfair practices
- UK approach a potential model for others?
Unfair trading practices in the UK

- 2000 - Concerns raised by Competition Commission (CC)
- Remedy: Supermarket Code of Practice
- Overseen by the Office of Fair Trading (OFT)
- 2006-8 – CC market investigation into UK grocery
- Remedy: Groceries Supply Code of Practice (GSCOP) monitored and enforced by an Adjudicator (GCA)
  - retailers with sales >£1bn required to comply
  - monitored by the OFT
  - retail staff trained; Code Compliance Officers; public reports
- Came into force 4th February 2010
Tighter wording versus original code

Agreements to be in writing

Principle of fair dealing

Aimed at practices that pass excessive risks and unexpected costs to suppliers

- Variations in supply agreements and terms of supply
- Delays in payments; wastage / shrinkage; forecasting; tying
- Terms for promotions
- Payments for consumer complaints
- De-listing
Most significant development

Role: to enforce GSCOP and encourage compliance

Created under Act of Parliament

Power to:
- arbitrate in individual disputes
- investigate complaints of non-compliance
- give advice on GSCOP

Enforcement through:
- Recommendations
- publication of information
- fines
## The GSCOP in practice

### Retailer reports 2012

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The role of trade associations

Why we consider the GSCOP / GCA so important

- Long history of unfair trading practices in the UK grocery
- Reduced investment harms consumers, brands, innovation
- GSCOP / GCA a light touch, flexible remedy
- Remedy will not function without input from the market

Trade association role:
- monitor the market and provide comment to GCA
- provide collective input on consultations
- safeguard suppliers’ identities on practices for investigation
- Provide information and support to suppliers, including training