



7th April 2009

The Rt Hon Lord Mandelson
Secretary of State for Business, Enterprise and Regulatory Reform
Department of Business, Enterprise and Regulatory Reform
1 Victoria Street
London
SW1H 0ET

Dear Secretary of State,

Grocery Supermarkets

It is now eleven months since the Competition Commission (CC) proposed detailed remedies for the anti-competitive practices of supermarkets that transferred "excessive risks and unexpected costs" to suppliers. Given the harm that these practices cause to farmers, food processors such as our members and suppliers of all sizes, and the resulting "significant" consumer detriment, it is deeply frustrating that the CC has taken so long to put its clearly articulated remedies in place.

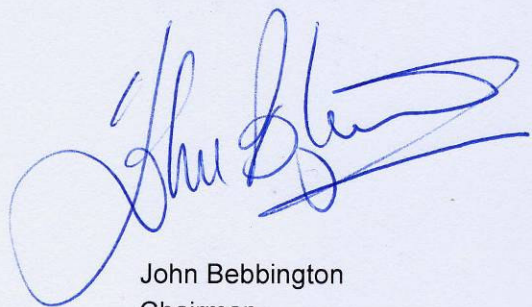
The proposed new Groceries Supply Code of Practice will, it is hoped, come into force in the next few months – better late than never. However, the proposed Ombudsman is unlikely to see the light of day as many retailers continue to resist it and it will therefore need implementing legislation by your department, which I imagine will take until well beyond the general election.

The Government's 'light touch' regulation of banking and financial services has been proved to be fundamentally flawed. There would seem to be an obvious analogy with grocery retailing. If the remedies proposed by the CC do not come into force quickly, then the loss of jobs and decline in investment and innovation throughout the supply chain will inevitably result.

As you said in your speech at the Mansion House on 4th March, "We should never make a regulatory... decision... without asking whether there are supply chain opportunities for UK-based companies". Here is an example of a straightforward decision that will, it has been conclusively proved, provide supply chain opportunities for large numbers of UK companies and, what is more, benefit all consumers.

Now is the time to grasp the nettle, make sure the CC's preferred remedy is implemented without delay and secure thousands (or more) jobs in farming, food processing, research and development, and manufacturing.

I would also urge you to demand more joined-up government and overcome the current impasse caused by the CC, Office of Fair Trading and BERR all acting in a disconnected manner.

A handwritten signature in blue ink, appearing to read 'John Bebbington', with a large, stylized initial 'J' and a long, sweeping underline.

John Bebbington
Chairman