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Tim Oyler  
Groceries Investigation  
Competition Commission  
Victoria House  
Southampton Row  
London  
WC1B 4AD

28<sup>th</sup> May 2009

Dear Mr Oyler,

**RE: MARKET INVESTIGATION (REMEDIES PHASE): THE SUPPLY OF GROCERIES BY RETAILERS IN THE UK – CONSULTATION ON THE INTRODUCTION OF AN OMBUDSMAN TO OVERSEE THE GROCERIES SUPPLY CODE OF PRACTICE**

The Farmers' Union of Wales has conducted an internal consultation with its twelve County Branches, and submits the following comments for your consideration.

Members believed that the publication of the proposed draft of Undertakings marks a welcome move towards addressing many longstanding concerns held by the FUW regarding unfair practices by retailers. We strongly welcome the creation of an Ombudsman with the experience and knowledge requisite to achieve respect from both suppliers and retailers.

Members believed that the introduction of an Ombudsman is in the interests of suppliers, retailers and consumers, and that this amplified policing of supply chain relationships is necessary to prevent the currently observable anti-competitive practises exhibited by certain retailers. Previous regulation, as discernable in the 2002 Code of Practise, did not significantly prevent adverse effects on competition, and the introduction of an Ombudsman is thus well warranted.

The FUW believes it would be advantageous for the OFT to monitor and evaluate the capabilities of the appointed Ombudsman during the early onset of this role.

Some members expressed disappointment that the new Code of Practice focuses firmly on the relationship between retailers and their immediate suppliers, with no consideration of other relationships further up the supply chain, and the excessive risks and costs that can be passed onto producers, such as livestock farmers. It is therefore felt that consideration should be given to extending the Code of Practise and the scope of the Ombudsman's role to allow for such concerns.

Members believed that it is imperative that the Ombudsman be given sufficient resources and a level of authority conducive to effectively undertake policing of the Code of Practise.

Members expressed concern that the amended Code of Practise and the introduction of an Ombudsman remain a voluntary measure for retailers, and the Union emphasises the importance of using legislation to ensure the compliance of larger retailers.

The Union notes that the Ombudsman may accept employment from, or act as a consultant or advisor to, any supplier or retailer six months after resigning or being removed from office by the OFT. Members suggested that a more significant period of time should elapse before the Ombudsman may commence employment with either a supplier or retailer.

The Union agrees that an effective Ombudsman requires broad discretion to determine when an investigation should be initiated, as this represents an effective and economical policing strategy which should allow for increased supplier anonymity. With this in mind, the FUW therefore stresses that any resultant reports or publications arising from an investigation should be constructed in a manner which continues to protect the anonymity of the persons involved.

I trust that due consideration will be given to the preceding information.

Yours sincerely

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Hazel Wright

**Policy Officer**