



The voice of Canadian fruit and vegetable growers



Joint Statement by Farming and Processing Associations

## **Arbitrary Fees Imposed by Large Grocery Retailers Will Cost Canadian Consumers and Impact Canada's Food Security**

(Ottawa) August 6th, 2020 - The latest round of fees introduced by large grocery retailers on their suppliers has attracted coverage in the news media over the past week (for examples, see [here](#) and [here](#)). This is occurring at a time when farmers and food and beverage processors are already facing a complex web of arbitrary fees and penalties in their relationships with large grocery retailers, in addition to managing the on-going impact of Covid-19 on Canada's food system.

Arbitrary fees and penalties imposed by large grocery retailers on Canadian farmers and food and beverage processors negatively impact Canadian consumers as it results in lower investments and product innovation. Requiring food and beverage suppliers to cover the cost of investments in retail stores will come at the expense of the farmers' and processors' own investments in their Canadian facilities. What's more, it will also reduce revenues for Canadian farmers. There is no scenario under which these arbitrary fees and penalties will benefit Canadians. On the contrary, they will ultimately impact Canada's food security, as small and mid-sized farms and

food processors already struggle to continue participating in this retail environment.

An ever more concentrated and powerful retail sector versus a food production and processing sector that is being weakened to unsustainable levels was precisely what led the UK Government in 2009 to intervene and legislate against inappropriate practices through the introduction of a ['Groceries Supply Code of Practice'](#).

This is an issue of strategic importance for Canada's food security. We therefore call on the federal and provincial governments to implement a code of practice in Canada to check this arbitrary conduct from large grocery retailers, review all current fees, penalties, and after sale deductions, and to protect Canada's agri-food sectors. Governments must heed the lessons of the successful UK experience in rebalancing competitive forces in the food sector. In the words of the [U.K. Competition Commission 2008 final report](#) on supplies of groceries: *"...we found that the transfer of excessive risk and unexpected costs by grocery retailers to their suppliers through various supply chain practices if unchecked will have an adverse effect on investment and innovation in the supply chain, and ultimately on consumers."*