



October 20, 2020

The Honourable Blaine Pedersen
Minister of Agriculture and Resource Development
450 Broadway
Winnipeg, MB R3C V8
Email minagr@leg.gov.mb.ca

Dear Minister:

Re: Canadian Grocery Code of Conduct

We are writing on behalf of Manitoba's food and beverage manufacturers, as well as manufacturers from across the country, to encourage you to raise the issue of a Canadian Grocery Code of Conduct at the upcoming FPT Agriculture Ministers' meeting.

Canada has a highly concentrated grocery sector, with just five large retailers controlling over 80 percent of Canada's grocery market. This concentration has allowed retailers to dictate the terms of business and levy unnecessary, arbitrary fees and deductions on their suppliers. These measures have injected inefficiency into Canada's food system leading to higher consumer prices, reduced food autonomy and declining investments in Canadian food and beverage processing. Today, 83 percent of new food products introduced in Canada were neither developed nor manufactured in this country.¹

COVID-19 has demonstrated the importance of having a resilient and robust food system. It has also highlighted the challenges we are facing. As we look to strengthen Canada's food supply, a Canadian Grocery Code of Conduct can play a critical role in ensuring greater balance across the food supply chain and in reducing practices that create disincentives to investment and innovation in Canada.

¹ FCPC Industry Sustainability & Competitiveness Study. November 2, 2018.

Experience from other countries with significant grocery market concentration has shown the benefits of a Code. In the UK, Ireland and Australia, Codes have brought balance to supplier-retailer relationships, improved competition in the grocery retail environment and supported greater collaboration throughout the food supply chain. These Codes do not control contracting but encourage “good faith” dealing between food retailers and food suppliers. Following the implementation of the UK legislative code, prices to consumers decreased by over 8 percent while Canadian food prices have increased by 4 percent in the same period.²

It is time for Canada to focus on measures that strengthen our food system and ensure a sustainable food supply for all Canadians. A Grocery Code of Conduct is a critical step in achieving this objective.

We are asking that you raise this issue with federal Agriculture and Agri-food Minister Marie-Claude Bibeau and Ontario Agriculture, Food and Rural Affairs Minister Ernie Hardeman in advance of the FPT meeting, with a view to having this important issue added to the FPT agenda.

Yours truly,

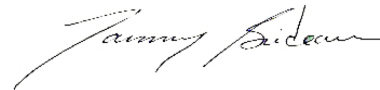
Dave Shambrock, Executive Director
Food and Beverage Manitoba



Norm Beal, CEO
Food and Beverage Ontario



Tammy Brideau, Executive Director
Food & Beverage Atlantic



Sylvie Cloutier
Présidente-directrice générale | CEO
Conseil de la transformation alimentaire du Québec



James Donaldson, CEO
BC Food & Beverage



Kathleen Sullivan, CEO
Food and Beverage Canada



² Statistics Canada, UK Office for National Statistics, compilation and calculations by DPAC.