



October 20, 2020

The Honourable Bloyce Thompson  
Minister of Agriculture and Land  
Jones Building, 5<sup>th</sup> Floor  
11 Kent Street  
Charlottetown, PE C1A 7N8  
Email: MinisterAgLand@gov.pe.ca

Dear Minister:

Re: Canadian Grocery Code of Conduct

We are writing on behalf of PEI'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.<sup>1</sup>

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.

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<sup>1</sup> 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.<sup>2</sup>

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,

Tammy Brideau, Executive Director  
Food & Beverage Atlantic



Norm Beal, CEO  
Food and Beverage Ontario



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



James Donaldson, CEO  
BC Food & Beverage



Dave Shambrock, Executive Director  
Food and Beverage Manitoba



Kathleen Sullivan, CEO  
Food and Beverage Canada



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<sup>2</sup> Statistics Canada, UK Office for National Statistics, compilation and calculations by DPAC.