

Retail Council warms to code of grocery conduct, paving way for new rules on the big chains

<https://financialpost.com/news/retail-marketing/retail-council-warms-to-code-of-grocery-conduct-paving-way-for-new-rules-on-the-big-chains>

Food producers have been pushing the government to legislate a code of conduct that would stop bully tactics in the grocery industry

Author of the article:

Jake Edmiston

Publishing date:

May 27, 2021 • 38 minutes ago • 3 minute read • [Join the conversation](#)



The alliance said it was "inspired" to map out the plan after legislators started calling for collaboration in the industry to solve years of in-fighting between grocers and their suppliers. PHOTO BY COLE BURSTON/BLOOMBERG

Article content

The trade association representing Canada's biggest supermarket chains is joining calls to establish a formal set of rules for grocers and their suppliers, a significant about-face that could accelerate the campaign to check the power of the most dominant players in the Canadian grocery business.

Food producers have for months been pushing the government to legislate a code of conduct that would stop bully tactics in the grocery industry after some large grocers implemented new fees and heavy fines on suppliers during the pandemic.

Smart toilets snap pictures that help with diagnoses



Governments have been consulting with industry insiders and are expected to recommend a potential solution soon. But until now, it wasn't clear whether a major change would happen without the support of some of the most important retailers in the industry.

The Retail Council of Canada (RCC), which speaks for the grocery chains, was initially opposed to a code of conduct and had publicly cautioned government officials against "putting their thumb on the scale in favour of behemoths in the food processing industry."

Advertisement

STORY CONTINUES BELOW

This advertisement has not loaded yet, but your article continues below.

Article content

MORE ON THIS TOPIC



1.

Grocery clerk and cashier jobs trending toward lower pay, less stability in Ontario: report

2.



Shopify merchants will be showcased on Google's Shopping site

3.



Union slams Loblaw over pandemic pay as company reports nearly \$400M profit

Walmart Canada, one of RCC's members, has also come out publicly against a code of conduct, with chief executive Horacio Barbeito arguing that existing market competition is healthy.

On Thursday, however, RCC will announce it has formed an alliance with several other interest groups — among them the Canadian Federation of Independent Grocers (CFIG) and the Canadian Produce Marketing Association — and is now proposing a plan to implement a code of conduct in the sector by the end of next year.

CFIG vice president Gary Sands, a long-time advocate for the code, called the proposal a breakthrough. “The question is no longer will Canada have a grocery code of conduct, but what that code will look like,” he said in an email.

The alliance said it was “inspired” to map out the plan after legislators started calling for collaboration in the industry to solve years of in-fighting between grocers and their suppliers.

Last November, the federal, provincial and territorial agriculture ministers established a working group to investigate fees and fines being charged in the grocery industry. The group is expected to report on its findings in July.

But Quebec Agriculture Minister André Lamontagne — one of the leaders of the investigation — has already said he believes something must be done to ease tensions in the industry.

Advertisement

STORY CONTINUES BELOW



This advertisement has not loaded yet, but your article continues below.

Article content

The Retail Council's alliance, which sent its proposal to the ministers' working group earlier this month, is calling for mandatory participation in a code of conduct, as well as enforcement. But the alliance does not want the code enshrined in government regulation, "thereby providing flexibility for it to evolve."

RCC's proposal is not the first to reach the government working group. Sobeys' parent company Empire Co. Ltd. made a proposal earlier this spring, breaking with other top grocery chains and teaming up instead with the main food manufacturing lobby group to draft a code of conduct.

Empire chief executive Michael Medline has chastised his competitors in public for their treatment of suppliers during the pandemic, and said he believed it was time to address what he described as the worst supplier-retailer relationships he'd seen in his career.

Medline and Food, Health and Consumer Products of Canada have advocated for a Canadian version of a code of conduct implemented in the United Kingdom, which has a similarly consolidated grocery market. That code is regulated by the government, and proponents say it has dramatically reined in unfair tactics that were once common.

Shelving fees and fines for minor infractions such as short shipments have long been a point of contention for suppliers, which have little choice but to swallow the extra costs since they can't risk being shut out by one of the few major chains operating in Canada.

Tensions reached a tipping point earlier during the pandemic when Walmart and Loblaw Cos. Ltd. implemented new fees on suppliers to help cover the costs of the retailers' multi-billion-dollar infrastructure investments in e-commerce.

• *Email: jedmiston@postmedia.com | Twitter: [jakeedmiston](https://twitter.com/jakeedmiston)*