

Address by Mary Mitchell O'Connor T.D., Minister for Jobs, Enterprise and Innovation  
Irish Farmers' Association Seminar – Regulating the Retail Landscape for Suppliers – Tackling Unfair  
Trading Practices

Carlton Hotel Dublin Airport

30<sup>th</sup> November 2016 Opening speech 10.30am

Good morning everyone.

I'm delighted to be here.

I'd particularly like to thank your President, Joe Healy, for inviting me to speak here.

I know you'll be looking at the issue of tackling unfair trading practices that are affecting your members.

I know Joe and his team face many challenges at present.

As a Galway woman,  
as a farmer's daughter,  
and as a Minister,

I fully understand and appreciate the very important role that the IFA plays

- in the rural economy,
- in the agri-food industry
- in the sustainability of the farming way of life in rural Ireland.

Your sector plays a huge role in the national economy as a whole.

The food and farming sector is vital to our economic well-being.

It is an example of an indigenous Irish sector, selling world-class goods to the rest of the world for profit.

It is also a multi-layered and sophisticated sector.

Food and farming has developed:

- quietly
- dramatically
- innovatively

...within an evolving Common Agricultural Policy.

I think we all agree that it's important that Ireland continues to have both a robust agri-food and retail sector.

Particularly given the importance of these sectors to the national economy.

Recent international political developments mean that there continue to be considerable challenges for the Irish agri-food industry.

You, as Irish farmers, are trying to operate

- in times of volatility
- in key Irish agricultural markets
- which is affecting your prosperity.

One specific challenge is the issue of alleged unfair practice in the grocery value chain.

So this seminar is very timely.

The issue of relationships in the grocery supply chain is not uniquely Irish.

It's a Europe-wide issue and many EU Member States have tried to address it.

I'm glad to see that UK experience in this area will be covered later on by the Grocery Code Adjudicator.

Christine I want to warmly welcome you to Ireland.

We are hoping to learn from and build on the UK experience in this sector. Christine's expertise and experience is vital in this regard. I have been particularly impressed by your approach to groceries regulation in the UK and the multi-faceted approach adopted by you. You have been fearless in your willingness to investigate wrongdoing, but have also found other ways of solving problems on the food chain by promoting collaboration and partnership along the food chain. Now both Ireland and Europe need to build on these experiences.

At EU level, the recently published Agricultural Markets Task Force report noted that "*open markets imply opportunities but also challenges*".

This European Commission expert group was set up in January 2016 by Phil Hogan, the Commissioner for Agriculture and Rural Development.

It recognises that the issue of relationships in the supply chain requires attention.

As Commissioner Hogan has noted, the European food chain has been out of sync for some time. It makes many recommendations, particularly around written contracts and unfair trading practices.

The thrust of these are strongly supported by the Irish Government at EU level.

We recognise that the primary producer is often the weakest link in the food chain.

Farmers sell a perishable product and don't have the time or the market power to negotiate effectively on the food chain.

This is what needs rebalancing.

Otherwise we risk promoting a 'race to the bottom' on food standards and prices. That goes against the high value food brand that Irish agriculture wants to trade off. It's not how we want to do business in what is a vital strategic sector for the country. I view the our groceries goods regulations as a way of tackling this 'race to the bottom'.

I know that the IFA contributed to this exercise in a very constructive and meaningful way.

Besides being a focus in Europe, regulation of certain practices in the grocery goods sector has been a long running priority for the Government.

As you know, the Irish Government has taken a regulatory rather than a voluntary approach to address this issue.

Right now, I've two main legal options to deal with potential problems in the grocery supply chain.

The first is the Competition (Amendment) Act 2006.

This allows me to tackle the issue from a purely competition law angle.

The second is the Competition and Consumer Protection Act 2014.

This gives me the power to make regulations governing certain practices between parties in the grocery goods sector.

As you know, the Regulations entered into force on 30<sup>th</sup> April 2016.

Alongside these Regulations my Department also published explanatory guidelines.

I know these will be discussed in more detail later on today.

But I would like to reiterate my support for them and my wish for them to operate effectively. I intend monitoring their implementation very closely.

The Regulations deal with the direct business relationship between a supplier and retailers or wholesalers of food and drink.

Basically, retailers or wholesalers need to have an agreed written contract with their suppliers. This brings important accountability to the food chain.

Apart from a written contract, the Regulations don't allow retailers or wholesalers to force a supplier to buy goods or services from a third party, where the retailer or wholesaler gets a payment for this arrangement.

Also retailers and wholesalers can't make suppliers pay for

- stocking or listing goods;
- promotion;
- marketing costs;
- better positioning on shelves;
- advertising;
- wastage
- and, except in specified circumstances, shrinkage .

unless otherwise agreed between them.

These Regulations are intended to help redress the market balance between producers, wholesalers and retailers.

I want to see them function sufficiently and ensure that payments to producers and suppliers are received promptly. I want to prevent people feeling they are squeezed and accepting a lower price than normal.

We want to protect small business from being overburdened by late payments.

These measures, together with strong enforcement powers, will ensure that the relationships between large supermarkets or wholesalers and suppliers are fair and sustainable.

Relationships will continue to be based on commerce and prices will continue to be set by hard negotiations.

This is in the interests of consumers.

The Competition and Consumer Protection Commission (CCPC) will enforce the grocery goods regulations.

It carries out investigations of alleged breaches of the Groceries Regulations.

No doubt John Shine, the Director of Regulation at the CCPC, will cover what it is doing in this space.

But I want to say that the CCPC is there to deal with suppliers grievances where they can show they have been unfairly treated.

I'd encourage suppliers who feel they are being unfairly treated to speak with the CCPC.

While we are regularly told of certain practices in the sector, the proper enforcement of these will rely on people making their experiences known to the CCPC. Like the UK experience, matters of concern can be handled sensitively and confidentially.

As Minister, I cannot solve this alone, but rely on the proper enforcement authority, the CCPC.

As Minister I want to ensure that these regulations aim to ensure that dealings in the sector are

- fair,

- sustainable
- and operate

in the interests of

- jobs,
- consumers,
- and sustainable safe food.

These regulations can't guarantee anything around prices.

But they will allow greater equality and transparency in suppliers' dealings with larger retailers.

The EU Agricultural Markets Task Force report, shows that relations between farmers and supermarkets is set to dominate the political agenda.

The report calls for rules outlawing

- late payments,
- last-minute changes to contracts,
- requests for upfront payments to secure contracts and more.

I know that Ireland's experience in this issue will help us contribute in a very meaningful way during any discussions on any such proposal. I am very supportive of these proposals and look forward to working with Commissioner Hogan as they develop.

I encourage both suppliers and retailers to operate the regulations to their utmost potential and to strengthen

- the fair engagement
- of all players
- in the supply chain.

The current global uncertainty makes business and economic planning considerably difficult.

The UK's decision to leave the EU presents enormous challenges for the entire Irish agri-food sector.

Including beef where the UK accounts for some 50% of our exports.

All of us will have to reposition ourselves towards a new 'normal'.

There are approximately 100,000 Irish jobs directly linked to UK exports.

That accounts for more than a third of our overall exports.

The exit process will have implications for tariffs and trade, regulations and standards, customs controls and certification, and, of course, the EU budget.

Having recently visited three London Ministers in Whitehall, it is still unclear what type of trade relationship they are looking for with Europe.

They've a clear desire for free trade.

They've no interest in returning to a world of extensive trade barriers.

I expect, in time, they will seek a bespoke agreement with Europe.

However, as a Government Minister, I will not be shy or coy about seeking the most advantageous outcome for Ireland in those negotiations.

We owe that to our people.

We owe it to you at the forefront of our food sector.

Many of those affected have very different asks.

There is not one approach, but it will require different solutions in different sectors.

I want to ensure that whatever response Government provides, it is both targeted and appropriate to people's needs.

There is little point in me as Minister prescribing a Brexit response.

It has to come from the specific sectors across the economy.

Like the farming sector.

The Department of Agriculture, Food and Marine chairs a special agri-food sub-group as part of the Interdepartmental Group on Brexit.

This feeds into the new Cabinet Committee on Brexit.

Practical advice is being given to SMEs by an Bord Bia and Enterprise Ireland.

Budget 2017 includes access to finance in the form of a €150 million low interest cash flow support loan fund.

This is available to a number of farming sectors including the livestock sector.

To cope with Brexit, Irish businesses will have to diversify to a greater extent.

This is why trade agreements like CETA between Europe and Canada are so important.

Market development is already a key component of Ireland's Food Wise 2025 strategy.

It has changed how we approach Trade Missions.

Recent Trade Missions by myself and Mr Creed have helped identify markets where food suppliers can diversify.

Despite global events, we cannot underestimate the importance for free trade for job creation in Ireland.

We have shown the ability to take on the world and succeed.

Let's not stop now.

Let's continue to be

- positive,
- ambitious
- and determined

.....as we face global challenges.

I really want to congratulate Joe and the IFA once again for organising this event.

Particularly the one-to-one sessions with Christine Tacon this afternoon.

I encourage suppliers who have concerns about their commercial negotiations to make good use of this opportunity.

I wish you all a very fruitful and interesting seminar.