

T J OYLER
Inquiry Secretary (2)
Groceries Investigation
Competition Commission
Floor 6, Zone 4, Point 58
Victoria House
Southampton Row
LONDON WC1B 4AD

Dear Mr Oyler,

**Re: MARKET INVESTIGATION: THE SUPPLY OF GROCERIES BY RETAILERS
IN THE UNITED KINGDOM**

Thank you for the opportunity to provide evidence to the Competition Commission in the investigation of the market for the supply of groceries by UK retailers.

Women Working Worldwide urge the Competition Commission to ensure that any potential market investigation will examine the impact of UK retailers' buying practices on **suppliers based in developing countries**, including suppliers of **non-food items** such as flowers.

Women Working Worldwide are well placed to provide evidence on the impact of supermarket purchasing practices as we are mid way through a 3 year project promoting women worker's rights in flower and vegetable farms in Tanzania, Zambia, Uganda and Kenya. The first year of the project saw our partners researching working conditions on farms that produce cut flowers and vegetables for UK supermarkets and other European markets.

This research has highlighted clear links between appalling working conditions and supermarket buying practices. Overseas suppliers are kept in tenuous working relationships with supermarkets and this leads to both instability and labour abuses for workers as well as limiting consumer choice in terms of quality of produce and ethical purchasing.

Women Working Worldwide ask you to consider the following points in particular:

1. Working conditions as a result of UK supermarket purchasing practices

Examples of poor purchasing practices highlighted in previous correspondence to the Office of Fair Trading¹ include:

- Excessive post-delivery time for payment of orders
- Price cuts without reasonable notice
- Product orders changed without reasonable notice
- Last minute withdrawal of listings
- Absence of written contracts
- Raising requirements and forcing suppliers to meet the costs
- Attempts to restrict suppliers from selling to their competitors
- Cartel-like behaviour

Examples of poor working conditions as a result of supermarket purchasing practices collected through Women Working Worldwide's research include:

- **Unstable employment conditions:** The pressure on suppliers to reduce their costs has generated an ever increasing flexible workforce. This means workers are hired as casual workers or seasonal workers (even if they work there all year round). They are paid lower wages than other workers, paid erratically and are at the risk of losing their job at any moment. Our research shows that women are commonly employed on a non-permanent basis.
- **Sexual harassment:** Sexual harassment is prevalent on farms, although women are reluctant to report it due to fear of losing their jobs. Our research has shown that supervisors have offered women workers permanent contracts in exchange for sex. Most farms do not have any record of a sexual harassment policy. In the case of farms that do, workers are not aware of such a policy.
- **Forced Overtime:** Supermarkets insist on ringing through their order on the day the produce is exported. This means women arrive into work not knowing what time they are expected to finish their shift. This has adverse effects on workers health and their dependents. Workers are forced to work overtime to meet supermarket demands at the risk of losing their jobs if they refuse. For many women, who are normally non-permanent employees, this is a massive threat especially if they are a single parent which is a general trend in our research.
- **Low wages:** Workers are paid below a living wage, complaining that they cannot afford to send their children to school or cover health costs. Low wages can be attributed to the threat from supermarkets to find new suppliers if the costs of production are not kept to a minimum.
- **Poor health and safety standards:** Including exposure to dangerous chemicals. Similar to the point above, corners are cut to keep costs low. There appears to be little knowledge amongst workers about appropriate use of chemicals, which exemplifies clear employer

¹ Letter to the Office of Fair Trading dated 28th March 2006 in reference to the proposal to refer the market for the supply of groceries by UK retailers to the Competition Commission for a market investigation. Signed by Women Working Worldwide amongst others.

neglect. Also, there was no provision for pregnant women workers on most of the farms where research took place: the same arduous tasks are given to women who are pregnant.

- **Non-existent or limited unionisation:** Often workers are dissuaded or coerced by management to not organise. In the case of Uganda, the Labour Commissioner when interviewed said that flower growers shift from one country to another looking for conditions which are conducive to making profits especially where labour laws are not tight. Again this can be linked to downward pressure from supermarkets to keep prices low.

Supermarkets purchasing practices leave suppliers uncertain of business and this risk of business is shifted to the workers. Women workers make up the majority of the workforce and because employment is often tenuous, it leaves them at great risk of exploitation.

2. Consumer Choice

- Public knowledge is rapidly increasing about the conditions of overseas workers who supply goods for UK supermarkets as can be seen by an increase in ethical consumerism. However, supermarket pressure to keep consumer prices as low as possible, means buyers are effectively driving ethical trade further into a niche market, which inevitably reduces quality and choice for the consumer.
- Supermarket's concentration of the market gives them immense buying power and control. They have abused this power by restricting who overseas suppliers sell to and this distorts competition and ultimately reduces consumer choice.
- The constant pressure from supermarkets to keep prices low and production costs to a minimum suppresses producer's ability to develop new farming techniques. This restricts innovation in production which ultimately effects consumer choice,
- If the proposed market investigation focuses only on groceries, it will fail to cover the true scope of supermarket influence on consumer choice.

3. The Supermarket Code of Conduct

- The Office of Fair Trading has confirmed that the Supermarket Code of Conduct applies to overseas suppliers. Our research shows that supermarkets are not applying this code effectively overseas.
- In some cases supermarkets do not buy produce directly from the overseas supplier, but instead buy through an intermediary. Therefore, the Code applies to the supermarket's dealings with the intermediary but not with the overseas supplier.

Women Working Worldwide urge the Competition Commission to recommend that the code be extended to cover all of the supermarket's supply chain back to the primary producer, therefore applying the code to the intermediary's dealing with the overseas supplier. This could take affect in the contracts between supermarkets and their intermediaries, requiring that the intermediaries apply the same codes in their dealing with suppliers.

- In order to make the Supermarket Code of Conduct effective, it is necessary to set up an independent body to monitor and enforce supermarkets compliance with the Code.

Women Working Worldwide believe that the evidence gathered in our research and by other civil society organisations warrants further investigation of supermarket's dealings with suppliers, including those from abroad and including the supply of non-food items such as flowers. Please contact us if you would like further information.

Yours sincerely,

Kate Byron

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