

## 4. Where did Groceries Supply Code of Practice (GSCOP) come from? And Why?

The [potted history of the Groceries Supply Code of Practice \(GSCOP\)](#) is as follows:

- 2001: The Competition Commission conducted an investigation into the groceries market. Following this investigation a Code of practice was introduced to govern the relations between the major supermarkets in the UK and their suppliers, called, 'Supermarket Code of Practice'.
- 2002 to 2006: The following years after the investigation complaints continued by suppliers, smaller retailers and commentators that the major UK supermarkets were using their market dominance to compete unfairly.
- 2006: The Office of Fair Trading referred the UK supply of groceries market to the Competition Commission to investigate and report.
- 2008: The Competition Commission completed a second investigation. The investigation found that whilst the groceries sector was broadly competitive, some retailers were transferring excessive risk and unexpected costs to their direct suppliers and that impact on suppliers' willingness to invest in quality and innovation was leading to potential consumer detriment. The result was to recommend a strengthened and extended Code, which should be enforced by an independent ombudsman.
- 2009: The Competition Commission recommended to the government that the ombudsman should become statutory because they had been unable to reach a satisfactory and voluntary agreement with the supermarkets on setting up an ombudsman. The Competition Commission made 'The Groceries (Supply Chain Practices) Market Investigation Order, of which the Groceries Supply Code of Practice (GSCOP), was a part.
- 2010: On 4<sup>th</sup> February the Order came into effect. The Labour Government launched a consultation exercise on making the ombudsman statutory, but this was interrupted by the 2010 General Election. In its Coalition agreement, published in May, the Conservative-Liberal Government announced that it would establish an ombudsman to 'proactively enforce the Groceries Supply Code of Practice (GSCOP) and curb abuses of power'.
- 2011: The Department of Business, Innovation & Skills wrote an '[Impact Assessment](#)' Report. The conclusion of that report was that, '...having failed to agree voluntary undertakings to establish a body to monitor and enforce GSCOP, the Competition Commission has recommended that BIS set up such a body'. Following consultation the Government published a [draft Bill](#) in May. In July the Business, Innovation and Skills Committee completed scrutiny of the draft Bill, recommending that it should go ahead.
- 2012: In May the Groceries Code Adjudicator Bill was introduced in the House of Lords as one of the first Bills of the 2012/2013 session.
- 2013: The Bill received Royal Assent on 25<sup>th</sup> April and the Groceries Code Adjudicator began on 25th June. Christine Tacon was appointed as the Independent Groceries Code Adjudicator responsible for enforcing the Groceries Supply Code of Practice (GSCOP), which regulates interactions between the 10 largest supermarkets with an annual turnover of £1bn and their direct suppliers.
- 2014: The [Competition Commission closed on the 1<sup>st</sup> of April](#) and all its functions were transferred to the Competition and Markets Authority (CMA).

### Action

Please read the above chapter to understand how the Code has been born, and why, because every UK Grocery professional needs to understand why the rules of the game that they are playing in have changed.