

**STANDING COMMITTEE ON
AGRICULTURE AND AGRI-FOOD**



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

**COMITÉ PERMANENT DE
L'AGRICULTURE ET DE
L'AGROALIMENTAIRE**

Ottawa, February 16, 2024

Mr. Per Bank
President and CEO
Loblaw Companies Limited

Mr. Gonzalo Gebara
President and CEO
Wal-Mart Canada Corp.

Dear Mr. Bank and Mr. Gebara:

As you are both aware, the House of Commons Standing Committee on Agriculture and Agri-Food has been studying efforts to stabilize food prices. A recurring subject in this study has been the development and implementation of the Canadian Grocery Code of Conduct. The Committee has decided to take the extraordinary step of writing this letter prior to reporting its findings to urge you to take immediate steps to sign and implement this Code.

Throughout our study, witnesses from across the agriculture and agri-food supply chain called for the speedy adoption of the Code, emphasizing that it will provide them with greater commercial certainty and ensure fairer dealing. They also underlined the challenges small and medium-sized firms face when negotiating commercial terms with large food retailers.

These witnesses voiced concerns that your two firms have not clearly expressed their intention to sign and implement the Code. As your chains are among the five large retailers that control an estimated 80% of the Canadian retail food marketplace, the decision of either one of you to not participate in the Code will undermine its ability to address the challenges many suppliers experience.

After careful review of the testimony, including the concerns you raised surrounding how certain provisions of the Code may be enforced, the Committee has concluded that its immediate implementation is an essential step in tackling the issues facing Canada's food and beverage sector.

We share the view of the overwhelming majority of stakeholders that the Code's implementation will provide stability to suppliers and retailers, as the implementations of similar codes in Australia and the United Kingdom have demonstrated. We also note that Competition Bureau officials have testified that they have reviewed the Code carefully and do not have concerns related to its provisions.

While we would prefer that you adopt the Code voluntarily, we share the view that a decision by either of your firms to not participate in the Code would jeopardize its overall effectiveness. In such a case, the Committee will not hesitate to recommend that the federal and provincial governments adopt legislation to make it mandatory.

The Committee thanks you for participating in this study, which has shed light on the challenges the grocery sector faces, and expects that, in the spirit of collaboration, you will adopt the Grocery Code of Conduct as quickly as possible.

Sincerely,



Kody Blois, MP
Chair, Standing Committee on Agriculture and Agri-Food

CC:

- Eric La Flèche, President and Chief Executive Officer, Metro Inc.
- Michael Medline, President and Chief Executive Officer, Empire Company Limited
- Pierre Riel, Executive Vice President and Chief Operating Officer, Costco Wholesale International and Canada, Costco Wholesale Canada Ltd.
- The Interim Board of Directors of the Office of the Adjudicator for the Grocery Code of Conduct