Agricultural sector and competition

In its judgment of 24 October 2013 the Court of Justice of the European Union ruled on one of the many procedures following on from the Commission's decision in the elevator cartel. In this judgment, the Court of Justice considers the appeal of a number of companies in the Kone group against the judgment of the General Court.

14.1 Introduction

The Dutch agricultural sector is becoming more concentrated. There are fewer farmers with larger businesses. Most farmers sell their produce via cooperatives to international traders. A large part of the production is then exported. National demand for agricultural products is largely supplied by supermarkets with strong buying power. The supermarkets are in fierce competition with each other with the result that there are 'price wars'. Consumers benefit from this competition and the lower retail prices. The strong buying power of supermarkets lead, however, to a risk of exclusion of competitors and exploitation of suppliers. Market players have raised complaints about the behaviour of supermarkets. The Dutch government is therefore encouraging the industry to adopt a code of conduct. This code should ensure that the supermarkets do not abuse their strength and apply unfair conditions in their dealings with their trading partners. In the case of abuse or unfair trading the general competition law and civil law rules apply.

14.2 Economic background

The Dutch agricultural production sector comprises of approximately 67,000 farmers. Since 2000 the number of farmers has decreased by 31%. Over the same period the reduction in the surface area used for agricultural purposes was only 7%. Farmers therefore run bigger businesses. The average turnover per producer has increased over this period by approximately 62% to EUR 315,000. The increase in turnover differs per sector. The largest increase was in the livestock sector, followed by the horticultural business; it was relatively modest in arable farming (fruit, vegetables and potatoes). A significant part of agricultural production consists of dairy farms and livestock farms (25%). Arable farming is the second largest subsector (18%).

Most producers are members of producers’ associations or cooperatives, which sell the products on behalf of their members. Membership regulations generally require members to sell exclusively via the association or cooperative. Some producers’ associations also act as traders at the secondary level. By way of example: there are 1,600 apple growers active in the Netherlands. 75% of the apples produced by these growers are collected and distributed via either The Greenery or Fruitmasters, two producers’ associations which also act as (international) traders.
Depending on the type of product there may be one or more trading levels and/or processing activities involved. The level of market concentration at each trading levels varies per product and per activity. By way of example: after the sales at the initial wholesale level (including The Greenery and Fruitmasters) apples are delivered to the retail channel via a large number of service providers, the largest of which has a market share of 10-15%. The secondary level has in international character. 70% of the fruit and vegetables that have been produced in the Netherlands are exported while 45% of the fruit and vegetables consumed in the Netherlands have been imported.

The grocery retail level comprises approximately 13,000 retailers, operating from approximately 30,000 sales points. A total of 5,700 of these sales points are supermarkets, which distribute 75% of grocery produce in the Netherlands. Although at the time of writing there are still very few hypermarkets, they are on the rise. The turnover of supermarkets in 2013 was approximately EUR 34.2 million. Of the money consumers spend on groceries, over 50% is spent in a supermarket.

Dutch supermarkets are in fierce competition. From 2003 until 2007 there was an outright 'price war'. This led to the demise of two supermarket chains and discussions on whether a prohibition of sales below cost would be desirable (see paragraph 5.3 below).

Currently the top three retail purchasers represent approximately 85% of the market: Albert Heijn (33.7%), Jumbo (20-22%) and purchasing co-operative Superunie (30%). Discounters Aldi and Lidl are growing and currently have a market share of approximately 8%.

14.3 Legal background

14.3.1 Prohibition of restrictive agreements

The Dutch competition rules are set out in the Dutch Competition Act (‘DCA’) which entered into force in 1998. The rules are modelled on and interpreted in accordance with the European competition rules. Article 6 DCA prohibits restrictive agreements. Article 24 DCA prohibits abuse of dominance. The DCA also contains a merger control regime. The Dutch competition authority, ACM, supervises compliance with competition law in all sectors.

The same restrictions that are considered hardcore restrictions under the EU rules will in general be considered hardcore restrictions under the Dutch competition rules. Having said this, during the consultation on the review of the Block Exemption Regulation on Vertical Restraints in 2009, the Dutch competition authority suggested that vertical price maintenance should be removed from the list of hardcore restrictions. This suggestion was not followed. Consequently and given that the EU block exemptions have direct effect under the Dutch competition rules, resale price maintenance remains listed as a hardcore restriction in the Netherlands. To date, however, the Dutch competition authority has not given any priority to enforcing resale price maintenance cases.

In addition, unlike the EU de minimis exemption from the prohibition on restrictive agreements, the Dutch statutory de minimis exemption also includes hardcore restrictions. Article 7 DCA exempts (i) all agreements, decisions and concerted practices that involve no more than 8 undertakings whose combined turnover does not exceed EUR 5.5 million if they are involved in the sales of goods or EUR 1.1 million in all other cases, and (ii) all agreements, decisions and concerted practices between (potential) competitors provided that the combined market share of the parties involved does not exceed 10% on any of the markets concerned. This second exemption was introduced in 2011. It aims to strengthen the position of small and medium sized undertakings, including those dealing with large retailers.
Finally, there is a national block exemption which exempts certain price fixing agreements (see paragraph 5.3 below). Like the EU competition rules, the DCA does not include provisions relating to unfair trading practices. Unfair practices by large retailers are a subject of debate in the Netherlands (see paragraph 3.4 below).

14.3.2 Merger control

As mentioned above, the ACM is responsible for the supervision of mergers and other types of concentrations. Parties to a concentration are required to notify their transaction to the ACM if the following thresholds are met: i) the combined worldwide turnover of the undertakings concerned exceeds EUR 150 million; and ii) at least two of the undertakings concerned realized an individual turnover in the Netherlands of at least EUR 30 million. There are no specific thresholds for mergers in the (grocery) retail sector.

14.3.2.1 Relevant market

The DCA does not contain a definition of the relevant (product and/or geographic) market, nor does it specify how to define markets. Markets are defined in accordance with the rules and principles set out in the EU competition rules.

In previous decisions, at grocery retail level, the ACM distinguishes separate product markets for:

i. the sale of daily consumer goods via supermarkets (the ‘supermarket market’);

ii. the procurement of daily consumer goods for sale via the retail market, in which account is taken of the differences between groups of products (however, to date the ACM has not defined separate markets for such product groups) (hereafter, the ‘purchase market’);

iii. offering supermarket franchise services (hereafter, the ‘franchise market’).

The ACM takes into account the store size, calculating the market share of the merging parties both on the basis of turnover and on ‘sales surface’. Moreover, in some cases involving concentrations between large supermarkets, the ACM takes into account that small supermarkets (< 500m2) generally offer a limited product range and therefore do not constitute a full substitute for a (large) supermarket. Consequently, the ACM has excluded such small supermarkets from its assessment. The ACM considers that the supermarket market could potentially be split into a market for supermarkets, hypermarkets and discounters. It has however to date not adopted such narrow market definition.

The online activities of supermarkets have to date not been the specific subject of a competition law review.

The geographic scope of a market is established in accordance with the rules and principles set out in the EU competition rules.

Supermarket Market

In all cases to date (the most recent dating back to July 2012), the competition authority has refrained from drawing any definitive conclusions about the geographic scope of the supermarket market. ACM has held that the market has a local as well as a national dimension. As regards the local market(s), the ACM starts with the area within a 15 minute drive of a supermarket. This area is subsequently limited to a village or city, since consumers are generally not inclined to do their daily shopping outside their place of residence. Therefore the local relevant market constitutes a 15 minute radius within a town.
An exception is made for situations where urban sprawl has wiped out town boundaries, or for situations where the parties provide evidence that consumers are in fact inclined to visit a supermarket in another town. In those cases, the ACM assesses the 15 minute radius area without taking account of town borders.

**Purchase Market and Franchise Market**
Both the purchase market and the franchise market are considered national in scope.

**14.3.2.2 Substantive test**

According to the DCA, the concentration control regime consists of one and possibly two phases. The relevant substantive test applied in the first phase, is whether the concentration could significantly impede effective competition on the Dutch market, or a part of such market, particularly as a result of the creation of strengthening of a dominant position. If so, the ACM requires the parties to obtain a licence for the transaction. The ACM consider the parties’ request for a licence in a so-called second phase investigation.

In the second phase, the ACM assesses whether, as a result of the concentration, effective competition on the Dutch market or a part of it, would be significantly impeded, specifically as a result of the creation or strengthening of a dominant position. If so, the ACM will refuse to grant a licence and the concentration will be forbidden.

The test is applied to mergers between competitors, parties on different levels on the supply chain and parties on unrelated markets.

**14.3.3 Abuse of a dominant position**

The prohibition of abuse of a dominant position is set out in article 24 DCA. The DCA does not give a definition of ‘abuse’. The concept of abuse is interpreted in accordance with the EU rules.

Behaviour is considered abusive only if it has an exclusionary or exploitative effect. Therefore there is no behaviour that is abusive per se. ACM does not have to show the actual effect of the behaviour. It is sufficient to make a reasonable case that the behaviour will or may have a restrictive effect on competition.

The test applied is rather vague. Acknowledging that there is no clear distinction between strong competition and the abuse of power, the ACM assesses whether the behaviour leads to the exclusion of market parties or whether the behaviour can be considered exploitative, for example because it is discriminatory or unjustified. Furthermore the ACM assesses whether the behaviour causes harm to consumers. If there is sufficient competition on the downstream market, a buyer with market power is likely to pass on any advantages it has gained on the purchase market to its customers. In such case it is unlikely that there will be abuse.

**14.3.4 Retail and grocery specific competition law rules and exemptions**

There are no specific competition rules for the grocery sector in the Netherlands. However, in addition to the EU block exemptions, two national exemption regulations apply. Both regulations are aimed at the retail sector. The government has considered but rejected a prohibition on sales below purchase price. It has encouraged the supermarket sector to adopt a code of conduct to avoid unfair trading.
The Decree on the Exemption of Cooperation Agreements in Retail, exempts the following restrictions in ‘franchise-like’ networks: (i) maximum price agreements in relation to a temporary marketing action and, under certain conditions, (ii) a purchasing obligation for a maximum period of 10 years. Given the broad scope of the exemption of the Block Exemption on Vertical Restraints the decree is of little practical importance.

The Retail Exclusivity Agreements (Exemption) Decree exempts agreements in which the owner of a shopping centre grants a retailer of a particular type (for example a shoe shop) exclusivity in the shopping centre for a period of 6 years. This exemption only applies to newly opened shopping centres. Consequently, like the Decree on the Exemption of Cooperation Agreements in Retail, its practical importance is limited.

In 2005, during the ‘price war’ between supermarkets, in response to parliamentary questions, the Ministry of Economic Affairs ordered two studies into the feasibility and desirability of introducing a statutory prohibition to sell products below purchase price. In addition, ACM submitted a letter to the Minister, stating that it saw no reason to start an investigation into whether the price war between the supermarkets constituted of an abuse of dominance. ACM deemed the situation a sign of fierce competition between supermarkets which led to a benefit to consumers in the form of lower prices. The Minister decided not to introduce a statutory prohibition to sell products below their purchase price.

Unfair business practices by retailers with buying power have been the subject of much public debate. Following complaints (particularly from suppliers in the agro-food sector) and subsequent questions in and motions from the parliament, the Ministry of Economic Affairs commissioned a number of studies investigating the extent to which suppliers in the Netherlands perceive buying power, the question whether the existing legal framework is sufficient to prevent and solve unfair practices by retailers with buying power and an exploration of the possibilities and feasibility of self-regulation in business to business relations. The reports conclude that there is (at least in the perception of suppliers) buying power and that the current legal framework (competition law and civil law) is insufficient to provide an effective solution. The Dutch government has chosen not to introduce legislation, but wishes market parties to self-regulate via a code of conduct. The Minister of Economic Affairs has initiated two pilot projects for establishing a code of conduct, one involving the agro-food sector.

In the agro-food sector, alignment is sought with the European Supply Chain Initiative. Consequently, the Rules of procedure for the Governance Group of the European Supply Chain Initiative apply to the Dutch pilot as do the European Framework, the Principles of Good Practice and the European dispute resolution system. A steering committee has been established in the Netherlands. Its members are the Dutch Federation for the Commodity Industry, an umbrella organisation for undertakings and trade associations in this industry; the Central Commodity Department, the professional representative for the supermarket branch and food service companies; and the arable farming and horticulture organisation, the undertakings’ and employers’ organisation for this sector. Their aim is to ensure that a future code of conduct could function effectively. The committee had all active supermarket organizations formally register with the European Supply Chain Initiative. Their business operations should be in line with the framework and principles of good practice within six months after registering. A number of commodity producers, such as Fruitmasters, have also now registered and become parties. There has been no actual dispute resolution through the specific procedure to date. The Minister concluded that the pilots are a growing success, but the familiarity with the principles and initiative should still increase.
The ultimate aim of the pilots is to come to a (Dutch) Code of Conduct that is part of self-regulation. It is likely that the code will be based on, or be similar to the European Principles. In a market consultation, market parties have set out some criteria for drafting the code. According to these criteria, the provisions in the code should be concrete norms. Undertakings which have registered and are committed to the code should benefit from positive exposure. The possibility of anonymous complaints, when bundled and sanctions when not applying with the code will lead to negative publicity.

By the end of 2014, a second review by the Minister will take place. He will then again report to the Senate. In the meantime, the Minister stays involved in the pilot, mainly as a facilitator.

14.4 Market investigations and advocacy

Like the Minister of Economic Affairs, the ACM regards the agro-food sector as one of its priorities, given the importance of this sector to consumers. ACM notes that the (increasingly) concentrated nature of the sector and the relatively homogenous nature of the products increase the risk of collusion. Furthermore, the ACM monitors the sector taking account of complaints from producers, traders and trade associations alleging abuse by supermarkets of buying power.

In 2004, following a market consultation, the ACM published a paper setting out its vision on buying power. The ACM stated that buying power on the upstream market, can be compensated by the position on the downstream market. In such cases, buying power can and will have a positive effect on the economy as a whole and for consumers. When assessing a concentration involving at least one party with buying power, the ACM takes account of the market position of the undertakings concerned, their position on their downstream market, the position of suppliers and the possibilities the concentration may create to exclude competitors or suppliers from the market. In the assessment of abuse of a dominance by an undertaking with buying power, the ACM considers the alternative sales channels for suppliers, possible sales power and the position of the undertaking on the downstream market.

In December 2009, the ACM published a report on pricing in the agro-food sector. The assessment and conclusions in this report are based on interviews and research undertaken by the ACM and on the outcome of a large study by research institute, LEI. The report covered a selection of seven basic foodstuffs: eggs, apples, onions, cucumbers, bell peppers, bread and potatoes. It contained a description of the production and distribution chain per product, the development in prices, costs and margin per level in the chain over the period 2005-2008, and an (econometric) analysis of the price mechanism in the sector. On the basis of this analysis, a calculation could be made of the extent to which parties at a certain level of the chain are able on a long term basis to improve their margins and concentrations at the supermarket level will influence their purchase and sales prices.

The main conclusions of the study were that there are no indications that supermarkets are dominant in determining the price of foodstuffs. Prices at supermarket level are influenced by prices higher up in the chain, particularly by the prices at production level. Supermarkets cannot increase their margins on a lasting basis, since such increase would be compensated by a price increase at wholesale level. The increased concentration at supermarket level only has a limited effect on supply and demand price. Asymmetrical price adjusting has a negligible effect on supermarket margins.

Finally, in 2011 the ACM commissioned a study of the fisheries sector. The report on this sector is descriptive and does not contain a competitive analysis. It only briefly refers to the retail sector.
14.5 Competition law enforcement

14.5.1 Restrictive agreements

The ACM has sanctioned several cartels between suppliers at production level; three of these cartels included arrangements to limit production: the shrimp cartel and the 2 cartels involving onions. In 1999 the competition authority exempted a crisis cartel between pig slaughterhouses. In 2012, the ACM sanctioned associations of bell pepper producers for price agreements. These cases will be discussed below.

In January 2003, ACM imposed fines totalling EUR 13.8 million on Dutch, German and Danish producers’ associations of shrimp fishers and shrimp wholesale traders (16 parties in total). The parties concerned had agreed on a weekly quota per boat and minimum price guarantees between traders and producers in the period between 1 January 1998 and 30 January 2000. Fishermen who deviated from the quota were sanctioned by the producers’ associations. The highest appeal tribunal, the Administrative High Court for Trade and Industry confirmed the infringement but reduced the fine, partly because of the lack of clarity about whether the actions concerned fell under a European exemption.

In May 2012, the Dutch competition authority fined 5 producers of silverskin onions (which represented 70% of the EU production) for agreements concerning the maximum number of hectares (quota) that would be cultivated in the period from 1998 until 2010. From 1998 until 2003 the undertakings concerned had formed a cooperative that supervised the execution of the arrangements (the quota). After 2003 the arrangements continued without supervision by the cooperative. From 2006 the undertakings concerned also exchanged information on prices.

In February 2013 the Dutch competition authority fined 7 producers of first year onions (representing 80% of the Dutch production) for agreements in 2009 and 2010 concerning a reduction of harvest in order to push up prices.

In 1999 the competition authority formally exempted an arrangement between pig slaughterhouses (representing 80% of the market) to establish a fund which aimed to reduce overcapacity in the sector by buying and subsequently closing slaughterhouses. The authority assessed the arrangements under the rules for crisis cartels and granted an exemption for a period of 5 years. The authority did not approve of agreements reducing the production of the remaining capacity of the slaughterhouses.

In 2012, the Dutch competition authority fined three cooperatives of pepper producers (representing a substantial part of Dutch production but a small percentage of EU demand) for agreements concerning prices. ACM imposed fines of EUR 14 million. On appeal the court of first instance suggested that the ACM should reconsider its conclusions as to the undertakings concerned and reconsider the amount of the fine. The case is still pending.

The Dutch competition authority has not taken enforcement decisions involving grocery retailers over the last 5 years. Indeed, on several occasions the authority has expressed the viewpoint that the fierce competition between the (large) grocery retailers in the Netherlands benefits consumers. In its opinion, if the pricing in the chain does not allow producers a viable income, there is overcapacity. Such overcapacity should not be solved by income protection or cartel agreements, but by innovation, cost reduction and a shift in activities. To the extent that producers claim that the margins at the secondary level put (unacceptable) pressure on their income, the ACM points out that high margins should be a reason to enter a market. It refers to producers who have entered such market.
14.5.2 Merger control

In the last 5 years, the competition authority has assessed 8 concentrations in the retail grocery sector. In 4 of these cases, the authority raised concerns as regards the competition on (a number of) (potential) local supermarket markets. In these cases, the parties offered remedies in the first phase of the merger review procedure. On the basis of such remedies, the authority approved the transactions without requiring a second phase investigation.

In all cases remedies consisted of the divesture of (one or more) supermarkets (sales of owner-operated stores and transfer of franchise agreements). In three of the cases the remedy included the appointment of a monitoring trustee. In two of these cases, in addition to the monitoring trustee, a sales trustee could be appointed if the parties were to fail to find a buyer themselves. In two cases the remedies included a commitment from the acquirer to refrain, for a period of 10 years, from (re)gaining economic influence over the divested supermarkets.

14.5.3 Abuse of dominance - buying power

There is no statutory definition of buying power in the Netherlands. In 2004, the Dutch competition authority published a vision paper on buying power. In this paper the authority defines buying power as: ‘market power on the demand side of the market. This is the case if a party on the demand side can operate independently from the suppliers.’

To determine whether an undertaking has buying power, the competition authority determines (i) the relevant (purchase) market and (ii) the position of the party on this market. It then (iii) assesses the alternative sales channels for suppliers (i.e. other buyers) and (iv) the existence of market power on the supply side of the market which would make it unlikely that the (large) purchaser can exercise buying power.

The paper on buying power suggests that exclusive supply agreements may constitute abuse of buying power. Other examples mentioned are the unilateral enforcement of certain (exploitative) conditions such as payment conditions, supply conditions and warranties. The paper notes that a refusal to negotiate the terms of a contract that has been submitted to a supplier does not necessarily constitute abuse.

There are no examples of buying power in case law concerning the grocery retail market. In fact the Dutch competition authority has not taken any decisions concerning the abuse of buying power.

14.5.4 Pricing

Dutch competition law does not prohibit recommended resale prices, unless such recommended prices are combined with incentives not to deviate from such prices, as a result of which they have the effect of a fixed or minimum price. Reselling below cost and de-listing of suppliers are not prohibited as such under the DCA. Under circumstances, similar to those under the EU competition rules, it may qualify as an abuse of dominance. If so, they are incompatible with the DCA.

There is no strict standard determining which prices can be considered abusively high. An excessive margin, compared to the costs, may be an indication of excessive pricing. In addition, a comparison will be made with prices charged by suppliers. If no such suppliers are available in the Netherlands, an international tariff comparison may be made.
In line with the EU rules, resale price maintenance formally qualifies as a hardcore restriction of the competition rules. However, if the thresholds for this exemption are not exceeded, hardcore restrictions may benefit from the statutory de minimis exemption under the DCA. Moreover, as the ACM is of the opinion that resale price maintenance does not necessarily aim to restrict competition it does not take proactive enforcement action in this respect. There is no case law of the Dutch competition authority on this subject.

One of the very few (published) civil court cases involving the grocery retail sector, concerned a dispute in 2005 between Albert Heijn and a producer and supplier of gingerbread, Peijnenburg. The Peijnenburg gingerbread was used by the largest consumers’ association in the Netherlands in its weekly price comparison between supermarkets. In light of this Albert Heijn discounted this product well below the purchase price. Fearing that other supermarkets would follow Albert Heijn's lead, Peijnenburg ceased its supplies to Albert Heijn. Albert Heijn claimed that Peijnenburg could not terminate the relationship and that any attempt of Peijnenburg to have Albert Heijn increase its resale price would constitute prohibited resale price maintenance. The Court ruled that by the standards of fairness and reasonableness, Peijnenburg was entitled to terminate its relationship with Albert Heijn with immediate effect. As regards the competition law argument the Court stated that this was for the competition authority to assess. The competition authority reacted to the ruling by issuing a press release stating that resale price maintenance is prohibited under national competition law. It did not, however, take any action.

14.6 Regulations

The main sector specific regulations are mentioned here below.

The Opening Hours Act regulates the opening hours of retail shops and until recently contained strict rules on opening on Sundays including but not limited to a maximum of 12 Sundays a year and only in areas which should be designated as a 'tourist area'. These strict rules mainly aimed to protect smaller retailers. In February 2013 the Dutch government decided on a more flexible regime. It removed the conditions and delegated the authority for setting the rules on this subject to local authorities.

No specific permits or licences are required for grocery retail. Naturally supermarkets are subject to food safety and hygiene regulations. These rules do not have a (significant) effect on competition.

There are two collective labour agreements for the grocery sector: one applies to large grocery companies and one to franchise companies. The collective agreements apply automatically to all undertakings in the sector.

14.6.1 Regulations

There are no specific rules regulating trading relations in the retail sector. Such relations are subject to the general rules of contract law, set out in the Dutch Civil Code ("DCC").

These general rules embrace the principle of contractual freedom, particularly where it concerns B2B agreements. Parties are therefore free to determine the conditions of their cooperation. Given the dictum pacta servanda sunt, agreements cannot be unilaterally changed unless such right to unilateral amendment is provided for in the agreement. A defaulting party will have to reimburse another party to the contract for damage suffered as a result of the breach of contract.
Moreover, agreements are subject to the principles of fairness and reasonableness. Such principles can either impose additional rights and obligations or render unfair clauses unenforceable. More specifically, unreasonably burdensome conditions set out in general terms are voidable. Agreements that were concluded under the influence of threat, fraud or abuse of circumstance can be annulled. Unfair practices could also under specific circumstances constitute an unlawful act. As of March 2013, the DCC provides for maximum payment terms.

Finally collective (and therefore anonymous) actions are possible under Dutch law.

Although Dutch civil law in theory provides for a fair level of protection for smaller suppliers, often such smaller suppliers do not make use of this protection. This is partly due to the fact that the above rules contain a lot of 'open norms', which will be assessed on a case-to-case basis. Suppliers do not start legal proceedings because they are costly and time consuming and, more importantly, may jeopardise the commercial relationship.

14.7 Conclusion

In the Netherlands the grocery sector is subject to the general competition and civil law rules. The agricultural sector sells its produce through large cooperatives to international traders. Most of the produce is then sold abroad and to large supermarkets. Supermarkets acquire their supplies through large purchasing collectives, which account for approximately 85% of demand on the Dutch market. This makes them powerful. Suppliers have raised complaints concerning the buying power of supermarkets. This has consequently become a subject of public debate. The Dutch competition authority has conducted several studies into pricing in the grocery sector and buying power in general. It concludes that the buying power of the supermarkets does not necessarily give rise to competition law concerns. Given that there is enough competition on the market on which the supermarkets are active, the buying power leads to lower prices for consumers. The buying power will only be cause for concern if it is exercised in a way to exclude competitors or exploit suppliers. The Minister of Economic Affairs also responded to the complaints from suppliers about the strength and behaviour of the supermarkets. It initiated a pilot in the agro-food sector in order to establish a code of conduct through self-regulation. The pilot is inspired by the European Supply Chain Initiative and their Principles of Good Practice. All supermarkets have registered with the Supply Chain Initiative. Their business operations will soon be in line with the Principles.

******