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Battle against price dumping

GFI: Ban on selling below cost price starts to bite

It is now 4 months since the amendment to the law to counter unfair pricing in the power and food retailing sectors entered into force.

Please read on to see how GFI board chairman Andreas Foidl rates its success to date:

“Represented by their association, GFI, German wholesale markets wholeheartedly supported the Federal Government in efforts to take action against price dumping through new economic policies and laws to protect consumers. The GFI, as a professional association, was actively involved in the process of drafting revisions to the law on monopolies (GWB). Nearly all the proposals for stricter regulations in the monopolies law were approved and included in the draft bill.

As the law now stands, it is illegal to sell food below cost price. There are now only two exceptions to the ban, one is if the food is in danger of perishing and the other is when it is supplied to a charitable organization.

Legislators have recognized the engagement on the part of GFI and numerous other organizations that have lobbied against price dumping and the irresponsible destruction of added value this entails, especially in the case of fruit and vegetables. This amendment to article 20 par. 4 of the monopolies law (GWB) is to be seen as a huge success in the fight for recognition of GFI’s objectives, representing as it does a considerable tightening of the

law on competition in the food retail sector. In particular, smaller greengrocery shops and street market traders have often, in the past, faced potentially ruinous competition and been severely disadvantaged by price wars between large food chains. These quality suppliers had to be protected.

An initial survey of the mood in our value chain reveals some signs of a brighter outlook. Less pressure on prices benefits all the market's actors – the growers, independent traders and the consumer.

And we are increasingly observing that large retail groups, especially the discount stores, are scaling back their advertising of cheap prices for fruit and vegetables. Their scope for practising unfair pricing has been drastically reduced.

The stricter ban has initially been imposed for a period ending on 31 December 2012, when the old version of article 20 par. 4 of the GWB is to become effective once again. We are fairly relaxed about this time limit. It is forcing large retail organizations to rethink their pricing policies and strategies. They are now obliged to focus more strongly on quality, freshness and variety if they want to demonstrate their competitive skills in the trade.

The amendment is an effective instrument in the fight against unfair food pricing. We therefore hope that by stopping the downwards spiral on the price front, future food scares can be avoided."

About GFI German Wholesale Markets. GFI German Wholesale Markets was founded in 2000 and represents the interests of Germany's 18 major wholesale markets. GFI is the central point of contact for national and international growers seeking to market their produce through quality, independent food retail channels. GFI offers its members a forum for the structured exchange of information and insights on ways to market wholesale markets; it also offers public platforms such as a joint stand at the Fruit Logistica and its own website, www.grossmaerkte.org

About German Wholesale Markets. These fresh produce centres guarantee a wide variety of top quality fresh produce, especially fruit and vegetables. At these central, urban trading platforms around 2,600 small and medium sized wholesalers, importers and growers supply fresh produce from the region and all over the world to more than 53,000 customers in the specialist, independent food retail business such as greengrocer shops and street markets and to large-scale caterers and top restaurant chefs. Annual turnover of goods is around 7.4 million tonnes with a total value of roughly 9.8 billion euros. Germany's wholesale markets thus ensure the availability of good, nutritious food for around 100 million consumers in Germany and neighbouring European countries.

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