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Dear sirs

Our business is part of the Island food and drink supply chain however as we work directly for several major UK and International suppliers we therefore have relevant experience and knowledge of how UK grocery multiples are supplied (pricing and logistics) and indeed have a comprehensive understanding of the pricing chain and how and where that differs locally.

I have struggled with how far to go with this response as we feel like many other local businesses that the States are not just interested in hearing any arguments and are hell-bent on re introducing a UK or Continental supermarket operator irrespective of the evidence.

Because of our unique supplier relationship we have previously supplied various UK owned businesses including Safeway (who brought no real benefits to the consumer and as we all know couldn't wait to get out of the market place under Morrissons ownership) and we fail to see why certain politicians are so convinced that another UK operator will actually bring overall benefits to the Island. The two main local groups both effectively buy on National terms and run National promotion packages and we know that their general offering in reality comparing like with like is not wildly different to any similar UK retailer allowing for the extra costs/factors of Island operations that any retailer will have to face.

What finally prompted me to write was two television programmes I have seen in the last week both based on the very much growing movement in the UK against the large supermarket groups and Tesco in particular. These programmes were not about suppliers or competitors complaining but about real communities not dissimilar in size to Jersey fearing the loss of, or indeed having already lost, their wider community infrastructure of small shops and small businesses of all varieties due to the arrival of these big players who sweep away smaller competition to gain control of an area. The UK government is even starting to question the unwelcome dominance of these players and yet in total contrast here in Jersey some of our politicians are obsessed with welcoming them to come into the market. The business practises commonly used by the big players are like none our politicians will have faced before and I frankly do not think people realise how powerful and dominant these businesses are - they will force planning and legislation changes to suit their operations and once they commit to a foothold the position will be irreversible.

If the issue is about consumer choice then I would suggest that compared to any area of similar size Jersey consumers actually have more choice than most of their UK counterparts within their local area and there is no doubt from the typical UK experience that the longer term effect of a large supermarket group moving into a smaller community such as ours is actually to reduce or remove choice.

Surely Jersey has not been closed to business and if the UK multiples had really wanted to be here they already would be, Morrissons business was available to anyone to purchase, CI Traders is a public company that anyone could buy. In reality I am not convinced that given the operating difficulties the Island is just not big enough for the big three operators to want to be here, unless someone is proposing subsidising

their introductory or operating costs in some way which would I feel be anti-competitive to say the least.

In direct answer to your published questions I would answer

1. Some local businesses would certainly be destroyed, these may not be just grocery retailers but also clothing shops, opticians etc supplied in store by Tesco etc and also the myriad of local suppliers who would certainly be cut out by a UK operator.
2. Lower prices may be brought in for the consumer on a limited range of products but maybe only for a limited foothold gaining period. The supply of some products at cheaper prices may only be achievable by forcing changes on the market e.g. importation of milk, 24 hour retailing, removal of Sunday restrictions, etc.
3. It will fairly rapidly reduce consumer choice as others are forced out of the market and will certainly make us a UK clone town - ironic when so many of our visitors like the Island because it is currently different
4. Initially there clearly would be some new job creation but obviously not at senior level, followed by a net reduction as the total number of retailers inevitably shrinks.
5. It will provide negligible help to other local businesses as they will seek to use avoid local supply wherever possible.
6. There certainly be a detrimental effect on the town centre.
7. It would seem to most retailers that we already have enough retail space and even the waterfront may be a step to far. There is a lot of capital wealth on the Island wanting to develop retail space as clearly once let it gives an excellent return however you have to ask where are the extra customers going to come from to make new retail outlets viable?

I would be happy to assist the panel with any questions they might have regarding my comments.

Yours sincerely

Andrew Gallichan