Neil Parish MP  
Chairman of the Environment, Food and Rural Affairs Committee  
Committee Office  
House of Commons  
London  
SW1A 0AA  

24 July 2018  

Dear Mr Parish,  

Thank you for your letter of 18 July about the proposed strategic alliance between Tesco and Carrefour.  

I would like to begin by stressing how seriously Tesco takes its supplier partnerships and how proud we are of the relationships we have, both locally and nationally.  

It is against this background that we are working on an agreement to form a long-term, strategic alliance between Tesco and Carrefour. This follows the recognition that our businesses have a largely complementary retail footprint, covering different markets, and many years’ combined experience of working with suppliers on a global basis.  

We believe that the Alliance will enable both companies to improve the quality, choice and price of products available to our customers. It will also allow us to strengthen our relationships with our suppliers – something we have invested heavily in in recent years – creating significant opportunities for them.  

Building trusted supplier partnerships is central to our business and underpins how we will operate together. The Alliance is about buying better together, across our markets, and we will continue to ensure that we comply with both the letter and the spirit of GSCOP in our supplier interactions. We are in touch with the GCA to ensure that they are aware of the latest developments.  

We are continuing to work towards formalising our agreement – in the form of a three-year operational framework – which will focus on delivering for our customers through deeper supplier relationships and more efficient sourcing.  

Beyond the specifics of the agreement with Carrefour, we will continue to work with small, innovative suppliers and local farmers and growers, in the UK and beyond. In recent years we have introduced a Supplier Network to connect our suppliers and improve communication, as well as a Supplier Helpline to address invoice and other supplier issues within 48 hours. We remain the only UK retailer to publish its payment terms, with hundreds of SMEs now benefitting from payment terms of 14 days.
We will also continue to invest in a number of programmes that support our farmers and benefit UK agriculture as a whole:

- Tesco’s Sustainable Farming Groups provide a forum to discuss sustainable production; customer needs; our standards; and, how we can work more closely together. The Groups cover: brassicas, beef, dairy, egg, lamb, pork, potato, poultry, salmon and top fruit.

- We have cost of production models in dairy and lamb and long-term contracts for potato growers and packers – a first for a UK retailer.

- Our incubator programme helps accelerate the growth of some of our smallest and most entrepreneurial brands.

- The Tesco Future Farmers Foundation mentors 50 young farmers a year, helping them to learn business skills and connect them to different parts of the supply chain.

Our commitment to growing with our suppliers is having a positive effect on our relationships, which we will seek to build further in the years to come. Suppliers ranked Tesco the top retailer in the independent Advantage survey and in the GCA’s 2018 supplier survey Tesco remained the most improved retailer for the third year running.

We believe that the Alliance has the potential to generate significant growth opportunities for all parties. As we take this agreement forward, we will continue to seek to deliver value for our customers while building the long-term supplier partnerships that are so important to us.

Thank you, again, for getting in touch. I do hope that this reply is helpful.

With best wishes,

Dave Lewis
Group Chief Executive