

**GMB tells BBPA that there is no competition law that stops us talking about fair wholesale prices and securing a decent living for pub tenants.**

GMB rejected a claim by Mark Hastings, director of communications at the BBPA that GMB in seeking to cut wholesale prices for tenants was asking for something that is illegal (See GMB statement in notes to Editors below). Mark Hasting has said **"What GMB are asking for is against the law. They should know better. Any industry wide agreement on margin protection is a clear breach of competition law."**

Martin Smith GMB National Organiser responded and said **" There is an Alice in Wonderland quality to the latest claim from BBPA that any industry wide agreement, the impact of which would be to cut wholesale prices to tenants, would be in breach of competition law.**

**Take pubco tenants in Yorkshire where the average retail price for standard lager is £2.41 as an example. If tenants were able to achieve a gross margin of say 58% the wholesale price would need to average 88p per pint net – or an average of £77.44 for an 11 gallon barrel. Some GMB members in the region are being charged £136 by their pubco for these 11 gallons. There is no competition law that makes a cut of £58 illegal.**

**Instead there is an absence of competition law that allows pubcos to overcharge 25,000 tenants up to 80p per pint more than free market wholesale prices. My message to BBPA is that there is no law that stops us talking about fair wholesale prices and securing a decent living for pub tenants. The sooner we start talking money the sooner we will resolve this economic dispute."**

- Ends -

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#### **Notes to Editors:**

This is the text of a GMB statement issued 14 october

Martin Smith GMB National Organiser commented today on the new code issued by British Beer and Pub Association which would come into force for new tenancies in mid 2010. He said **"The BBPA and the BII and others seem anxious to promote the view that what is at issue with the "tie" is a lack of transparency rather than an old fashioned economic dispute.**

**While this new code may help to explain to new tenants the wholesale prices they will be charged it will do nothing to enable them to make a decent living.**

**Wholesale prices to tied tenants need to come down. Until they do there will be no peace in this sector. If the BBPA code had stipulated that wholesale prices must allow tenants to be able to make a GP of somewhere around 66% at average local prices that would have been a step forward. However the code is**

**silent on this central issue and is not much use to GMB members struggling as tied tenants to make a living with uneconomic GPs.**

**We will be making this point to the OFT and the EU officials when we meet them soon. Sooner or later the BBPA and BII will have to talk about money."**