

## **Supermarket study hints at market failings**

The Competition Commission's "emerging thinking" document on the UK's grocery market has been published ( January 23<sup>rd</sup>). It has examined the relationship between the big supermarkets and suppliers, amid allegations that supermarket buying power has increased dramatically.

"We have considered the evidence supplied concerning relationships between grocery retailers and their suppliers," says Commission chairman Peter Freeman. "Whilst these haven't indicated widespread problems in the supply chain, there are still concerns."

"We have found that bigger buyers do not always appear to get better terms from suppliers, and food and drink manufacturers and processors, as well as wholesalers, seem to be in reasonable shape.

"However, we have some concerns about farmers and we have not received as much specific evidence about unfair treatment of suppliers as we might have expected."

It is now asking for any suppliers with examples of unfair treatment to come forward and speak to it in confidence.

Another area of concern is in the dairy and pig sectors where farmer numbers have tumbled in recent years showing there were "significant difficulties" in those sectors.

The commission has been examining the supply chain, planning and land banks of the four big UK supermarkets.

Tesco, Asda, Sainsbury's and Morrisons control almost 75% of the UK market.

The commission said questions remained whether Tesco (with over 30% market share) or any other supermarket could get into such a strong position that no other retailer could compete. The full report is due next year.

**Ends**