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## Supermarkets are running the show

There has been a seismic shift in Australian and global food markets with supermarkets becoming increasingly dominant, and farmers and governments are struggling to find an appropriate response to ensure markets remain fair.

This is the take out message from the latest edition of the Australian Farm Institute's quarterly *Farm Policy Journal*, entitled 'Will supermarkets save or enslave agriculture?' The Journal includes a range of papers written by Australian and international authors, all examining the changing role of supermarkets in food markets, and considering some of the long-term implications.

In many respects Australia is at the forefront of these issues globally, having the most concentrated food market of any nation on earth.

'Australia has the most concentrated retail food market in the world. Despite a population of just 23 million, the two major supermarket chains in Australia are amongst the biggest twenty supermarket chains in the world, and on a per capita or per dollar of Gross Domestic Product (GDP) basis, are much bigger than businesses like Wal-Mart or Tesco.' said Mick Keogh, Executive Director of the Australian Farm Institute.

'While large supermarket chains undoubtedly bring supply chain efficiencies and benefits to consumers through lower prices, there are some real questions emerging about the sustainability of other participants in the supply chain, including food processors and farmers.'

The closing down of major Australian food processors over recent years, and the reduction in processor and farmer profits while supermarket profits have grown, is resulting in major structural changes that have flow-on impacts to regional communities and the entire economy.'

The papers included in the *Farm Policy Journal* highlight the complexity of the issues that are emerging, and the difficulty governments are having in formulating appropriate responses that keep markets fair and transparent, but still deliver benefits to consumers.

'One of the most important issues appears to be the need to create greater market transparency so all supply chain participants can gain a clear understanding of market developments and respond accordingly. Recent events in Australia such as the "milk wars" have highlighted that the lack of market transparency is a major impediment to ensuring that markets remain fair.' says Mick Keogh.

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You can access the Journal [here](#). The free editorial can be downloaded [here](#).

If you have any questions, please contact us directly by [email](#) or by phone: (02) 9690 1388