

Supermarket Competition

Feb 2008

The long-awaited Competition Commission report into Britain's £100 billion supermarket industry came last week – and disappointed many.

There is to be a new code of practice for dealing with suppliers, and an independent ombudsman to resolve disputes. Local authorities are recommended to apply a 'competition test' for new developments, and there are changes to rules on restrictive covenants on land, and exclusivity agreements. All are sensible, welcome developments – though it remains to be seen if the provisions are strong enough.

Campaigners had hoped for more. At the heart of the issue for them is not just the relationship of the supermarkets with each other – but the relationship between the supermarkets and everything else. A particular concern is what the growth of out-of-town shopping does to our town centres.

It should be no real surprise that the report is as narrow as it is. The Competition Commission's primary focus is to ensure – within defined markets – that consumers are not misled or ripped off through the concentration and/or abuse of market power. Competition is our best defence against consumer exploitation, and it is right that we have a Commission focused on this. 9 times out of 10, it is appropriate to apply the terms-of-reference used on this occasion.

But when it comes to 'big box' out-of-town and edge-of-town retail development (it is not just supermarkets), so much more is at stake than just price competition. It, and the knock-on effect on our town centres, can have implications for pollution, green space, agriculture and food security, public health, crime, even social cohesion.

In general, decisions on economic development should be taken at the lowest possible level. But by its nature, out-of-town needs a national policy framework: one that takes account of broader societal concerns.

This is not an attack on supermarkets. Like most of us, I am a regular customer, and value the convenience and choice they bring. To my knowledge, no serious commentator is suggesting knocking down the supermarkets we have. The question is about the type and degree of future out-of-town development.

We need to look at the issue through a different lens. Instead of starting with retailers and checking they are not acting anti-competitively within their own market, the government should now look at the impact of future development on the vitality of our towns. This calls for a much broader view than a Competition Commission enquiry could have.

Sincerely,

Damian Hinds
Parliamentary candidate (Conservative) – East Hants
damian@damianhinds.info