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NSW Farmers concerned over GrainCorp merger with AWB

The NSW Farmers' Association holds grave concerns regarding the proposed merger of GrainCorp and AWB, and is calling for key issues of its grain growing members to be addressed.

Following a meeting this morning of the NSW Farmers' Association Grains Committee, Chairman Mark Hoskinson said growers must be assured that this merger does not cause monopolistic price gouging in areas of freight costs, storage and handling fees, as well as access to ports.

"Farmers are calling on Federal Minister for Agriculture Tony Burke and Opposition Leader Tony Abbott to explain how the proposed merger would increase competition in the supply chain and reduce grower costs," Mr Hoskinson said.

"Tony Burke promised more competition and certainty in the market place – this hasn't been forthcoming. Growers are concerned that this merger would represent less competition," Mr Hoskinson said.

Growers are also concerned about the loss of the AWB brand which would arise from this merger and the affects on the marketing of Australian grain.

The Association will also seek clarification regarding the actions of the Australian Competition and Consumer Commission (ACCC) in relation to this proposed merger.

"The ACCC may have to look at forcing GrainCorp to sell some of its assets to regulate its monopolistic powers. It would also have to ensure that such divestment of assets will actually increase competition," Mr Hoskinson

"Growers also need assurances that measures are put in place to ensure that the new GrainCorp is not swallowed up by a foreign company.

"The Association believes this merger will make this new entity more attractive to foreign acquisition and is calling on the Foreign Investment Review Board to provide appropriate foreign takeover protection.

"The Association is adamant that a grower owned and controlled body is vital to manage the marketing of Australia's export wheat.

The NSW Farmers' Association acknowledges that the merger may provide efficiencies through co-ordinated aggregation, hedging and market promotion, however expresses concerns over the monopolistic power that this may bring with it.

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