

# 2001 - CAES Concentration Workshop Program

## *The Economics of Concentration In the Agri-Food Sector*

April 27-28, 2001  
Airport Delta  
Toronto, Ontario

A Workshop Organized By



**Canadian Agricultural Economics Society**  
**Société canadienne d'agroéconomie**

Co-sponsors



Agriculture and  
Agri-Food Canada

Agriculture et  
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Dedicated to improving  
the prosperity of Canada's  
Agri-Food Sector

## Friday April 27, 2000

- 8:00 - 8:50 pm      **Registration**
- 8:00 - 8:50 am      ***Continental Breakfast Buffet***
- 9:00 - 10:00 am     ***Business Drivers of Concentration and Consolidation***  
Larry Martin, George Morris Centre
- In agri-food, as in other sectors, we see constant evolution of market structures toward increased consolidation and, in some cases, increased concentration. This paper will identify some of the business drivers that encourage structural change, especially toward consolidation. This then will be used as a backdrop for the remaining papers in the conference to develop the context within which concerns about the effects of concentration and potential solutions to it are provided.
- 10:00 - 10:20 am    ***Coffee Break***
- 10:20 - 11:20 am    ***Global Price Fixing In Food and Feed Ingredients: Legal-Economic Causes and Consequence***  
John M. Connor, Purdue University
- This paper will highlight some of the major findings of my forthcoming book : Global Price Fixing: The Customers Are the Enemy (Kluwer Academic 2001 ). Topics to be covered include: the importance of market structure, social costs of collusion, the elevated reputations of prosecutors, corporate antitrust sanctions, escalating personal penalties, the deterrence effect of legal sanctions, the role of corporate governance structures, possible legal reforms.
- 11:20 - 12:20 am    ***Globalization, Concentration and the Canadian Life Sciences Industry***  
David Sparling, University of Guelph
- The phenomena of globalization and concentration are inextricably linked and are having a profound impact on the structure and activities of global agrifood industries and firms. Changes are occurring at every level, from seed production through to the supermarket. Case studies will be presented examining the nature and extent of the impacts on Canadian firms and management predictions for the future.
- 12:30 - 1:30 pm     ***Lunch***
- 1:30 - 2:30 pm      ***Factors in Retail Concentration***  
H. Alan Love, Texas A&M
- The food industry has experienced extensive merger and acquisition activity in the past decade. This paper investigates determinants of merger and acquisition activity in the food industry including the food retailing, food processing and food service sectors. Possible consequences of these trends for market participants will be discussed.
- 2:30 - 3:20 pm      ***Supply Chain Management and Concentration Issues***  
Erna van Duren, David Sparling, and Gus Murray University of Guelph
- Examines the status of various supply chain management practices in supply managed (chicken) and non-supply managed pork industry.
- 3:20 - 3:40 pm      ***Coffee Break***

- 3:40 - 4:30 pm *Issues, Measurement and enforcement?*  
Competition Bureau Canada
- 4:30 - 5:20 pm *Grocery Trade Promotion Practices*  
Kevin Grier, George Morris Centre  
Examination of issues and challenges between grocery manufacturers and retailers.

## Saturday April 28, 2000

- 7:45 - 8:40 am **Registration**
- 8:00 - 8:50 am ***Continental Breakfast Buffet***
- 9:00 - 9:50 am *Concentration in the U.S. Meat packing Industry: Causes and Consequences*  
Clement Ward, Oklahoma State University  
Examines contributing factors and consequences of increasing concentration in U.S. meat packing industry.
- 9:50 - 10:30 am *An Analysis of Profits and Concentration within the Canadian Food Manufacturing Sector*  
Debbie Harper, Agri-Food Canada, Rick Buroughs and Mike Trant, Statistics Canada  
Identifies the nature and extent of linkages between profit levels and concentration, and between profits and vertical linkages within the food and beverage industry over the period 1981-1999.
- 10:30 - 10:50 am ***Coffee Break***
- 10:50 - 11:30 am *Structural Change in the Canadian Dairy Processing Industry and implications for Co-operatives*  
Maurice Doyon, Laval University  
This case study examines the structural changes that have occurred in the Canadian dairy processing industry since 1983, and their impact on co-operatives
- 11:30 -12:20 pm *Analysis Of profits in the Food Retailing Sector*  
David Smith Agri-Food Canada and Mike Trant Statistics Canada  
The presentation will cover the preliminary results from an ongoing study assessing the profitability of the grocery sector in relation to size, other food stores and other retailing sectors.
- 12:30 - 1:30 pm **Lunch**
- 12:30 - 1:30 pm Workshop Wrap-up

## Contributors:

**John M. Connor - Purdue University-** Professor Connor's major research interests include empirical studies of industrial organization of the U.S. food marketing system, public policies

affecting competition, and international food marketing. He teaches graduate courses in marketing, price analysis, and food system organization.

**Rick Buroughs - Statistics Canada** - Senior analyst in the Analysis and Development Section in the Agriculture Division. Currently working with Mike Trant, Deb Harper and David Smith analysing the profit and concentration in the food manufacturing and food retailing industries.

**Maurice Doyon - Laval University** - Assistant Professor Department of Agri-Food and Consumer Economics

**Erna van Duren - University of Guelph** - Associate Professor in the Department of Agricultural Economics and Business at the University of Guelph. Her general area of research and teaching interest is strategic management with focus on organizations beyond the farm gate. Current research involves core competencies in the Canadian food processing industry and strategic alliances in agri-food and biotechnology industries

**Kevin Grier - George Morris Centre** - Senior Market Analyst, involved in complex market and industry evaluations and research projects. Writes and edits Grocery Trade Review, a highly regarded monthly food industry report. Writes and edits four other industry reports: Canadian Cattle Buyer, Canadian Chicken Market Review and Canadian Pork Market Review and Canadian Commodity Review.

**Debbie Harper - Agriculture and Agri-Food Canada** - Economist with Agri-Food Chain Analysis unit in Strategic Policy Branch, Agriculture and Agri-Food Canada. The unit analyses the agri-food sector from the farmgate to distribution. Her areas of interest include analysis of profitability in the manufacturing sector, specifically in the food processing industry, rural economics, regional economics and input-output analysis.

**Gus Murray - University of Guelph** - Recent Masters graduate in Agricultural Economics and Business. Thesis research was on supply chain management in Ontario chicken and pork industries. His undergraduate degree focused on the agriculture value chain, marketing and market development.

**H. Alan Love - Texas A&M University** - Professor, in the Department of Agricultural Economics. His research focuses on issues relating to the industrial organization of domestic and international agricultural markets, empirical industrial organization methods and market power measurement, and the effects of government regulation and policy on agricultural trade, agribusiness and natural resource industries. Teaching responsibilities include graduate courses in industrial organization, managerial economics and international trade.

**Larry Martin - George Morris Centre** - Chief Executive officer of Canada's only independent agri-food think-tank. He is involved in the Centre's work on strategy, strategic analysis, trade and domestic policy analysis, and risk management.

**David Smith Agri-Food Canada** - Economist in the Agri-food Chain Analysis Unit (a.k.a. the "Chain Gang"), His interest is in how the Agri-food chain is structured, and how the structure, and structural changes, influence the performance/productivity of the various segments.

**David Sparling - University of Guelph** - Assistant Professor, teaches Operations Management in the Faculty of Management, and Operations Management and Supply Chain Management in the MBA in Agribusiness Program. Research interests include supply chain management in the agrifood sector and the impact of biotechnology on agri-food supply chains

**Mike Trant - Statistics Canada** - Chief of the Analysis and Development Section in the Agriculture Division. His role is to develop and foster research partnerships with universities and other government and private sector agencies to address issues of public interest with respect to the agriculture and food industry.

**Clement Ward - Oklahoma State University** - Professor and Extension Economist with extension and research work focusing on price discovery for livestock and meat, as well as structural and behavioral changes in the meatpacking industry. He is one of four co-developers of the Fed Cattle Market Simulator.