

Why are ministers indifferent to our food supply chains...

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As [the Guardian has reported](#):

Supermarkets

Sainsbury's could be next in line for private equity interest

With Morrisons already in a bidding war, UK supermarkets are attracting returns-hungry investors



▲ The US buyout firm Apollo is taking an 'exploratory' look at company, according to reports. Photograph: Geoffrey Swaine/Rex/Shutterstock

Let's be clear how private equity works.

It buys companies using debt finance. The private equity investor usually has little of their own money in any deal in which they are involved.

The debt finance is usually arranged through tax havens.

When the deal is done the debt is piled on the company that has been acquired: it has to then pay for its own acquisition out of its own profits.

The interest paid goes to the tax haven.

UK tax is not paid on that interest charge.

That interest charge does reduce UK profits.

Less UK corporation tax is paid as a result.

And it is commonplace (although all these things vary from case to case) for many other activities relating to the acquired company to move offshore. Brands, insurance, purchasing management and other activities are often in line for this relocation, which also shifts profit out of the UK.

The private equity company then strips the company it has acquired of assets - and most especially land and buildings. These are usually sold, and then leased back leaving no assets and just long term liabilities in place: hence the term 'asset stripping'.

The pension fund is often left exposed (I say often, not always).

And the denuded entity is then sold, with the small stake the private equity operator has having been massively increased in value, even though the stripped company is but a shell of its former self.

The aim is exploitation. Of the debt financiers. Of the state when it comes to tax. Often of employees. Always of the eventual owner who will buy the hollowed-out entity that it is hoped will survive this process.

Are these private equity operators the people we want running put food supply chains on which we are all utterly dependent? When their only aim is the exploitation of others are they who we want to trust our food security to?

Really?

Why aren't ministers intervening to stop this? Is our wellbeing of no concern to them?

And is UK tax revenue also of no concern?

Why are they failing us so badly?

They've already prejudiced our food security with Brexit. Are they really going to do it all over again?