Thank you for your letter dated 16 July further to my appearance at the Economic Affairs Committee to discuss the public interest in mergers and takeovers on 8 July.

Following reports in the Sunday Times and other media on 13 July on the announcement of proposed changes to the Takeover Code, you asked whether the evidence I gave during the Committee session continues to reflect the Government's current plans on public interest issues in mergers and takeovers. I am happy to further clarify the Government's position on this subject.

In your letter, you set out a helpful summary of the evidence that I gave at the Committee, including the importance of maintaining the Government's broad approach to an open economy and the need for commitments given during the bid process to be meaningful and binding. Since my appearance at the Committee, I have announced my intention to ensure that the Takeover Panel have the tools that they need to monitor and enforce more effectively commitments given by a company. Legislation may be necessary in order to underpin cases where a commitment is not honoured, and I made clear in my Second Reading speech on 16 July that should this be the case, I intend to use the Small Business, Enterprise and Employment Bill as the legislative vehicle to achieve this. This was not yet cleared Government policy at the time of the evidence session but I was able to update the House as soon as it was.

Your letter suggested that I doubted a new public interest test could be introduced into the present legal framework. In fact, what I said during the Committee session was that any new public interest test would need to be accommodated within the European legal framework in which we operate and that it would very much depend on how the test is framed. These challenges should not be underestimated but are not insurmountable.

You refer to the coverage in the Sunday Times that seemed to take things further. The Government position remains that which I set out above.
I hope this letter has clarified the Government's position.

VINCE CABLE

Secretary of State for Business, Innovation and Skills