



Business, Energy and Industrial Strategy Committee Environment Food and Rural Affairs Committee

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David Currie
Chairman
Competition and Markets Authority
Victoria House, Southampton Row
London WC1B 4AD

3 May 2018

Dear David

On behalf the Business, Energy and Industrial Strategy (BEIS) and Environment, Food and Rural Affairs (EFRA) committees, we are writing to seek information from the Competition and Markets Authority on the following issues:

1. This week J Sainsbury Plc and Walmart Inc announced that they had agreed terms in relation to a proposed combination of Sainsbury's and Asda Group Ltd to create an enlarged business. The CMA has stated that this merger is likely to be subject to review. Our committees have concerns over the impact that this merger would have on the grocery supply chain, particularly as the new business and its next largest competitor, Tesco Plc, would dominate the groceries retail market. In addition, we have concerns about the impact of the merger on the competitiveness of suppliers and on consumer choice in particular locations. In that context, we would be grateful if you could provide us with details of:
 - a. The timing and anticipated length of the CMA's investigation;
 - b. The factors affecting the decision on whether to progress directly to a phase 2 investigation;
 - c. The scope of the CMA's investigation, including whether evidence will be sought from suppliers to grocery retailers.
 - d. The criteria to be used for determining an acceptable degree of distance between stores belonging to the new merged company and of avoiding local monopolies;
 - e. The tests that will be used to determine whether any required divestment of stores should be to competitors or other businesses;
2. The Groceries Code Adjudicator gave evidence to the EFRA Committee on 2 May 2018, where the question of grocery retailers designated under the Groceries Supply Code of Practice (the Code) was discussed. We were told that the CMA is currently identifying additional grocery retailers whose annual UK turnover in relation to groceries is close to or exceeds the £1 billion threshold that would require Code compliance. We would be grateful if you could provide both Committees with a timescale for when additional retailers will be identified and required to begin complying with the Code.

We would be grateful for a response by Thursday 17 May. We intend to publish this correspondence and your response. We are also copying this letter to Andrew Tyrie.

A handwritten signature in black ink that reads "Rachel Reeves." The signature is written in a cursive, flowing style.

Rachel Reeves MP

Chair, Business, Energy and Industrial Strategy
Committee

A handwritten signature in black ink that reads "Neil Parish". The signature is written in a cursive style with a prominent horizontal stroke at the end.

Neil Parish MP

Chair, Environment, Food and Rural Affairs
Committee