



Department for
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Dear Andrea

As you know, on 30 April 2018 J Sainsbury plc and Walmart Inc. announced they had agreed terms in relation to a proposed combination of Sainsbury's and Asda Group Limited, a wholly-owned subsidiary of Walmart, to create an enlarged business. The merger of these two enterprises could create the United Kingdom's biggest supermarket retailer with the corresponding level of market power over suppliers. As part of my engagement with the sector, the effect of this potential increased market power has been highlighted as a potential concern with regard to existing suppliers.

I understand that the Competition and Markets Authority has already begun the pre-notification phase of its merger assessment and that, due to the level of interest, you will be taking the unusual step of publishing a case page before the phase 1 investigation which will provide suppliers with a point of reference for further information on your investigations. I am sure this will be welcomed by suppliers.

While the Competition and Markets Authority is independent of Government when making decisions on mergers, my view is that, when assessing this merger, it should take account of both the horizontal and vertical competition issues, including the possible impact on the supply chain. I would be grateful for your thoughts on how you will consider these issues in carrying out your statutory function.

THE RT HON GREG CLARK MP
Secretary of State for Business, Energy & Industrial Strategy