

Rt Hon Robert Halfon MP
House of Commons
London
SW1A 0AA

From: Mr Andrea Coscelli
Chief Executive

By email: halfon4harlow@roberthalfon.com

Our ref: MP000462

25 May 2018

Dear Mr Halfon,

Thank you for your letter of 30 April 2018 to David Currie in relation to the CMA's investigation into the proposed merger between J Sainsbury plc (**Sainsbury's**) and Asda Group Ltd (**Asda**, and together with Sainsbury's, the **Parties**) (the **proposed merger**). I am replying on David's behalf.

The CMA's primary duty is to promote competition for the benefit of consumers, a duty that extends across all markets in the UK. To this end, the CMA will conduct a detailed assessment of competition in all markets within the UK that could be affected by the proposed merger, including all local areas across the UK in which both Parties are present. We expect our investigation of the proposed merger to cover a wide range of issues, including the impact the proposed merger will have on competition in the supply of groceries, both at the national level and within individual local areas, as well as the potential implications for competition of the merged company increasing its 'buyer power' in negotiations with suppliers.

When investigating a merger, the CMA's mandate, by law, relates to assessing the potential impact of that merger on competition. This assessment is critical towards ensuring that consumers are able to benefit from lower prices, better service, or greater choices that effective competition is able to bring about. Assessing the other potential effects of a merger, such as the impact that a merger could have on employment, falls outside the CMA's statutory powers.

We hope that the initial thoughts set out above are helpful in explaining our intended approach in carrying out our statutory duties.

Yours sincerely

Andrea Coscelli
Chief Executive