

Sainsbury's/Asda Merger Team
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

FROM THE DIRECTOR GENERAL'S OFFICE

Your ref: CMAJS/ASDA050319
Our ref: MKS/D/119/ks
Email:
Direct line:
Date: 5th March 2019

Dear Sir or Madam

Invitation to Comment, J Sainsbury Plc and Asda Group Ltd

I am writing to you in my capacity as Director General of the National Farmers' Union of England and Wales (NFU). As the UK's largest farming union, we represent 55,000 members in England and Wales including 46,000 farming businesses.

We have previously written to you setting out our members' concerns with the potential merger between Sainsbury's and Asda and our members remain concerned that the proposed merger has the potential to negatively impact consumer choice, quality, product innovation and the profitability of SME businesses.

We are satisfied that a comprehensive approach has been taken to gather a large amount of evidence and data from a range of sources across the supply chain. We welcome the recognition from the CMA that Asda and Sainsbury's are direct competitors and there is overlap between Sainsbury's and Asda stores.

We were also pleased to contribute to the investigation and consultation process, including through the evidence hearing in Edinburgh on 21st November 2018. Within this hearing we were keen to highlight our members' concerns about the impact of the potential increase in buying power that the merger could bring. As we have previously outlined, our members believe there is a risk that the new entity could abuse its market power, making unreasonable demands on suppliers, and transferring excessive risk and unexpected costs on to them. This in turn could damage supplier and producers' ability to innovate and invest, which we believe will impact choice and availability.

I note the possible remedies which have been suggested by the CMA. Whilst we understand the basis of these remedies, we are unclear on the detail of these proposals and we would welcome further information on this. Clarity on the detail will help us communicate the outcome to our members.

The NFU wishes to see a fair, innovative and sustainable retail environment that allows all areas of the supply chain to deliver for consumers and businesses alike. Consolidation within the UK retail sector is at a highly advanced state and further consolidation is likely to be a key concern to our members and a risk to the interests of consumers or suppliers.

We remain available to provide any further input or support to your investigation, and look forward to seeing the final report at the end of April.

Yours faithfully

Terry Jones
Director General