

GMB

U N I O N

**Comment on possible remedies –
ASDA/Sainsbury's anticipated merger**

Written response from GMB

1 GMB is the United Kingdom's third largest trade union with around 620,000 members in all sectors of the UK economy ranging from low-paid workers to highly paid, highly skilled, technical and managerial grades. We are the leading ASDA union and represent tens of thousands of workers across ASDA retail and distribution.

2 Initially, GMB did not take a formal position on whether the merger should go ahead, on the basis that any decision should be led by our membership within ASDA and the facts on the ground as the merger inquiry developed.

3 Since the announcement of the anticipated merger, GMB has undertaken extensive consultation with our members in ASDA including meetings across the country, and a national survey that was filled out by thousands of members.

4 From the survey results, a staggering 73% of members who expressed a view on whether the merger would be positive or negative news answered that they thought it would be negative. 65% thought that it would make their jobs less secure, and a further 61% that it would have a negative impact on their terms and conditions.

5 When the provisional findings were published on 21 February 2019, these fears were shown to be well-founded.

6 The scale of the divestiture that would be required as a potential remedy to allow the merger to go ahead is absolutely unprecedented. As the Notice of Possible Remedies document rightly notes, such a course of action would "represent a major restructuring of the UK groceries sector and its market dynamics" and GMB believes it would be reckless in the extreme to pursue this.

7 We do not believe there is a single buyer in the current economic climate capable of or minded to operate the divested assets in their entirety. Equally, the scale and complexity of finding suitable multiple buyers for packages of assets would mean years of uncertainty, risking devastating the retail sector in this country and consigning tens of thousands of retail employees to the scrap heap if suitable solutions could not be found.

8 The risks of allowing the merger to proceed are far too great, and the potential reward far too small to justify them. Sainsbury's and ASDA have both operated for many years under separate ownership as successful independent businesses, and can continue to do so in the event of prohibition. There is no reason for this merger to be pushed through at any cost.

9 Since the provisional findings were published, almost 4000 people have joined our campaign to **#SaveOurStores** calling on the CMA to block the merger, with 3,471 signing the petition, showing a clear public interest in this case¹.

10 GMB believes the merger is incredibly damaging and the only rational response from the CMA would be to stop it from going ahead. The price shoppers and workers face paying for this merger is simply too high.



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<https://www.gmb.org.uk/campaign/saveourstores-asdasainsburys-merger>



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