

30 June 2023

Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ
United Kingdom

BY EMAIL only to copart.hills-motors@cma.gov.uk

Dear Sirs

Response to the CMA Addendum Provisional Findings Report dated 23 June 2023 relating to the acquisition by Copart, Inc of Green Parts Specialist Holdings Ltd (Hills Motors)

We refer to your invitation to provide the CMA's Inquiry Group with reasons why its Addendum Provisional Findings should not become final.

We wish to highlight the likely adverse impact that the proposed merger would have on the availability of Total Loss Vehicles (TLVs) to the used car and salvage markets. When we refer to salvage we are referring to the market of purchasing TLVs in order to break them up and sell the component parts. These TLVs are at the root of and are essential for the used parts market.

We were surprised to note the CMA's change in stance on the proposed acquisition of Hills by Copart from that expressed on 5 May 2023, and in particular that there appeared to be a lack of consideration given to the adverse impact by the proposed acquisition on the used car and salvage (ie used parts) markets mentioned above.

Whilst not the only source of TLVs, insurance companies are, by the very nature of what they do, the principal supplier of TLVs, and we understand that Copart already has a dominant position as the preferred salvage agent for major insurers. Copart's statement that "Copart moves 500,000 vehicles through its auction site each year" (source: [Coparts Comments on the Sales Ban of Petrol and Diesel Cars \(bvsf.org.uk\)](https://www.suffolknews.co.uk/bury-st-edmunds/news/vehicle-recycling-firms-new-68-acre-super-centre-could-cr-9225908/); <https://www.suffolknews.co.uk/bury-st-edmunds/news/vehicle-recycling-firms-new-68-acre-super-centre-could-cr-9225908/>), a figure which represents the majority of available salvage vehicles based upon the ABP UK Body Repair Industry Yearbook 2022; we estimate that the acquisition of Hills adds another 20,000 -30,000 vehicles.

Prior to the Hills acquisition, Copart would sell those vehicles to third party salvage companies, either to repair and resell, or to break the vehicles up for the purpose of selling the component parts. Copart had no ability to break-up vehicles itself.

Accordingly, with the acquisition of Hills (which can break-up vehicles), Copart can now provide an in-house end to end service offering, which it did not previously have; but it will also no longer have an incentive to sell the vehicles to the third party salvage companies. This will restrict the availability of vehicles to all salvage operators, which in turn will restrict supply to consumers/ repairers and inflate prices; as well as proving a further barrier entry into that market.

Yours faithfully