

Merger efficiencies review: call for evidence

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1. INTRODUCTION

1. As the United Kingdom’s competition and consumer protection authority, the Competition and Markets Authority (**CMA**) helps people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour.¹ The CMA’s merger control function is part of its general duty to seek to promote competition for the benefit of consumers.
2. Following extensive engagement with businesses and investors, and in line with the Government’s Strategic Steer,² the CMA has recently introduced a ‘**4Ps**’ framework to help us improve the way UK merger control operates. These 4Ps – pace, predictability, proportionality, and process – are designed to support growth, investment and business confidence in the UK’s competition regime. We have been delivering a programme of work to deliver the 4Ps framework across our merger control function, including updates and clarifications to our approach to jurisdiction, remedies and global deals.³
3. As the next phase of this programme, we are launching a review into our approach to the assessment of rivalry-enhancing efficiencies (the **Merger Efficiencies Review**). Rivalry-enhancing efficiencies change the incentives of merging firms and induce them to act as stronger competitors to their rivals—for example, by reducing their marginal costs and/or increasing their ability and incentive to innovate. In some cases, rivalry-enhancing efficiencies may prevent a substantial lessening of competition (**SLC**) by offsetting any anticompetitive effects of the merger.
4. In this public consultation (the **Call for Evidence**), we are seeking views from interested stakeholders on our approach to rivalry-enhancing efficiencies – including how we assess the evidence submitted by merging parties, and our process for engaging with merging parties. The Call for Evidence will run from 15 January until 26 February 2026, alongside various outreach and roundtable sessions. We will then review the evidence collected and develop specific proposals for consultation in the spring, with a view to implementing changes by summer 2026.
5. We are seeking views and evidence on two broad themes:
 - (a) Theme 1: the CMA’s analytical approach to rivalry-enhancing efficiencies (see Section 3)

¹ <https://www.gov.uk/government/organisations/competition-and-markets-authority>

² [Strategic steer to the Competition and Markets Authority – GOV.UK](#)

³ In October 2025, the CMA published updated [Guidance on the CMA’s Approach to Jurisdiction and Procedure \(CMA2\)](#), which embeds the 4Ps framework into our merger process, and clarifies our approach to multi-jurisdictional mergers. Following a public consultation, revised Merger Remedies Guidance was published in December 2025: [Merger Remedies \(CMA87\)](#).

(b) Theme 2: the CMA's process for assessing rivalry-enhancing efficiencies (see Section 4)

6. This document provides an overview of the two themes, and the key questions on which the CMA is seeking views and evidence from interested stakeholders.
7. The deadline for responses to this Call for Evidence is **26 February 2026**.

2. THE CMA'S APPROACH AND RECENT DEVELOPMENTS

Introduction

8. This section provides an overview of the CMA's current approach to assessing rivalry-enhancing efficiencies, recent developments and the rationale for undertaking this review.

The CMA's current approach to rivalry-enhancing efficiencies

9. The CMA's Merger Assessment Guidelines (**MAGs**) state that mergers can give rise to efficiencies, eg through cost savings or greater innovation. Such efficiencies fall into two categories: (i) rivalry-enhancing efficiencies are those that induce firms to act as stronger competitors to their rivals, and thereby may prevent an SLC from occurring by offsetting any anticompetitive effects of the merger; (ii) relevant customer benefits (**RCBs**) are benefits to UK customers arising from the merger other than through improved competition in the market relating to the SLC finding – RCBs do not prevent an SLC but may outweigh any adverse effects of the SLC and can be in the market related to the SLC finding or in other markets.⁴
10. This review is primarily concerned with the CMA's treatment of efficiencies within the competitive assessment, and is therefore focused on rivalry-enhancing efficiencies, rather than RCBs.⁵ As noted in the MAGs, the CMA does not assess RCBs as part of its competitive assessment, but can take them into account when deciding whether to refer a merger for a Phase 2 investigation, and in its assessment of remedies.⁶
11. The MAGs state that the CMA will use the following criteria to assess rivalry-enhancing efficiencies.⁷ Rivalry-enhancing efficiencies must:

⁴ MAGs, paragraph 8.3.

⁵ Whilst the review will be focussed on rivalry-enhancing efficiencies, some of the evidence and findings may also be relevant to the assessment of RCBs. The CMA's approach to RCBs is set out in the Merger Remedies Guidance (paragraphs 3.27 – 3.36) and in the MAGs (paragraphs 8.21 – 8.27), and we will consult on any proposed amendments to these guidelines resulting from this review.

⁶ See CMA 64, Mergers: Exceptions to the duty to refer, section 4, and MAGs, paragraph 8.5.

⁷ MAGs, paragraph 8.8.

- (a) enhance rivalry in the supply of products where an SLC may arise;
- (b) be timely, likely and sufficient to prevent an SLC from arising;
- (c) be merger-specific; and
- (d) benefit customers in the UK.

12. The MAGs state that most of the information relating to efficiencies, such as cost and revenue synergies resulting from the merger, is held by the merging firms. As such, it is for the merging firms to demonstrate that the merger will result in efficiencies. Firms who wish to make efficiency claims are encouraged to provide verifiable evidence to support their claims, in line with the CMA's framework above.⁸

13. The MAGs also note that many efficiency claims are not accepted by the CMA because the evidence supporting those claims is difficult to verify and substantiate. The CMA's experience to date is that it has been rare for a merger to be cleared on the basis of rivalry-enhancing efficiencies.⁹

Recent developments and the rationale for this review

14. The primary purpose of this review is to ensure that the CMA's approach to the assessment of rivalry-enhancing efficiencies reflects the core 4P principles of pace, process, predictability and proportionality. Since the CMA last published a revised version of its MAGs in March 2021, there have been several developments which reinforce this need for a reconsideration of its current approach to rivalry-enhancing efficiencies, in line with these guiding principles:

- (a) There have been several cases where rivalry-enhancing efficiency claims have been made and carefully considered by the CMA, including Vodafone/Three and Microsoft/Activision, which offer valuable insights into how such submissions have been evidenced and assessed in practice.¹⁰
- (b) Other related aspects of the CMA's approach to merger assessment have continued to evolve. This includes our approach to the dynamic effects of mergers, and our approach to remedies – including when and how remedies can help to 'lock in' potential rivalry-enhancing efficiencies.¹¹

⁸ MAGs, paragraph 8.7

⁹ MAGs, paragraph 8.27. Tradebe/Sita (2014) and Global/GCAP (2008) are examples of cases in which rivalry-enhancing efficiencies contributed to a clearance decision.

¹⁰ For further information and relevant documents, see the [Vodafone / CK Hutchison JV merger inquiry](#) and [Microsoft / Activision Blizzard merger inquiry](#) case pages.

¹¹ Following a public consultation, revised Merger Remedies Guidance was published in December 2025: [Merger Remedies \(CMA87\)](#).

- (c) We have received feedback from a range of stakeholders through the Mergers Remedies Review on how the CMA's approach to rivalry-enhancing efficiencies could be improved. Views expressed included the need for greater clarity on the types and extent of evidence required by the CMA, and how the CMA could more effectively engage with merging parties making rivalry-enhancing efficiency claims.¹² We intend to explore this feedback further through this review.
- (d) Finally, the CMA's Strategy for 2026-2029 sets out five strategic objectives to help meet its purpose of promoting competition and protecting consumers, with a clear end goal of driving economic growth and improving household prosperity.¹³ This review supports the CMA's Strategy, including its strategic objective of fostering a UK regulatory landscape that attracts investment and instils business confidence, contributing to dynamic, competitive markets that drive investment, innovation and growth.

3. THEME 1: THE CMA'S ANALYTICAL APPROACH TO RIVALRY-ENHANCING EFFICIENCIES

Introduction

- 15.** Theme 1 considers how the CMA analyses potential rivalry-enhancing efficiencies, including (a) the framework we apply, (b) the evidence we seek to inform our assessment, and (c) our approach to dynamic efficiencies relating to innovation.
- 16.** We provide a brief overview of each of these areas below, and a list of questions on which we are seeking views and evidence from interested stakeholders.

Theme 1 (a): The CMA's framework for assessing rivalry-enhancing efficiencies

- 17.** We are exploring the framework used by the CMA to assess rivalry-enhancing efficiencies and how it is applied in practice. For context, as set out above, the MAGs state that to be accepted by the CMA, rivalry enhancing efficiencies must enhance rivalry in the market(s) where the merger raises competition concerns; be timely, likely and sufficient to prevent an SLC from arising; be merger-specific; and benefit customers in the UK. The MAGs provide further details on the CMA's existing approach to assessing these factors:

¹² Responses to the CMA's Call for Evidence on the Merger Remedies Review are available here: [Review of merger remedies approach - GOV.UK](#)

¹³ [CMA Strategy 2026 to 2029](#).

- (a) In relation to assessing whether efficiencies enhance rivalry, the MAGs state that the CMA will generally view reductions in the merger firms' marginal or variable costs as being more likely to result in an incentive to reduce price or make short-run improvements in quality than reductions in fixed costs. The MAGs note that some fixed cost savings or other efficiencies from a merger may enhance the ability of firms profitably to innovate or invest in entry or expansion, although cost reductions from a reduction in output will not be considered as efficiencies.¹⁴
- (b) In relation to timeliness, likelihood and sufficiency, the MAGs state that the CMA will assess whether the claimed efficiencies are to be realised within the same timeframe as the CMA has adopted in the rest of its analysis. However, the MAGs also note that the longer the time period necessary for efficiencies to be realised, the greater will be the level of doubt that efficiencies will be realised at all.¹⁵ The MAGs further state that the greater the expected adverse effect of a merger, the greater the expected efficiencies must be (ie for the efficiencies to be sufficient to offset the SLC).¹⁶
- (c) On the assessment of merger specificity, the MAGs state that the CMA will assess whether the merger efficiencies are reliant on the merger in question or whether they would be brought about by other means. The CMA may, for example, investigate whether there are significant barriers to the merging firms achieving the same improvements without the merger.¹⁷
- (d) Finally, the MAGs state that the CMA will consider whether the merged entity would have the incentive to allow customers in the UK to benefit from the efficiencies. When evaluating this incentive, the CMA may consider the strength of competition that is likely to exist after the merger.¹⁸

18. Through this review we are also seeking feedback on when mergers are more likely to create efficiencies, including whether and how this depends on factors such as the type of merger (eg whether it is horizontal or vertical), the nature of the market (eg whether the industry is growing or mature), or the characteristics of the relevant products (eg the importance of scale).

19. Finally, we note that through the Mergers Remedies Review, some stakeholders told us that a barrier to submitting efficiency claims was a concern that the CMA might consider that the efficiencies could reduce rivals' ability to compete effectively with the merged entity (sometimes referred to as 'efficiency offences'). We will therefore also be considering whether there are circumstances in which

¹⁴ MAGs, paragraph 8.10

¹⁵ MAGs, paragraph 8.12.

¹⁶ MAGs, paragraph 8.14.

¹⁷ MAGs, paragraph 8.16.

¹⁸ MAGs, paragraph 8.20.

efficiencies might themselves give rise to competition concerns, and equally the types of cases and circumstances where such concerns are unlikely to arise

Figure 1

**Questions on which we are seeking evidence:
Theme 1 (a): The CMA's framework for assessing efficiencies**

1. Is the CMA's current framework of requiring efficiencies to be rivalry-enhancing, timely, likely and sufficient, merger-specific, and benefit UK customers appropriate? If not, please explain why and how the CMA's framework should change.
2. Is the CMA taking an appropriate approach when assessing whether efficiencies are rivalry-enhancing, timely, likely and sufficient, merger-specific and benefit UK customers? For example:
 - a. What factors should the CMA consider when assessing the appropriate timeframe for efficiencies to be considered 'timely'?
 - b. In assessing sufficiency, how should the CMA balance competitive benefits and harms? In particular, how should the CMA balance competitive benefits and harms when they arise over different time periods or relate to different parameters of competition or groups of customers?
 - c. In considering merger specificity, how should the CMA assess whether there are less anticompetitive alternatives to the merger that could achieve the efficiencies in question?
 - d. How should the CMA assess the extent to which firms are likely to pass-through the benefits of efficiencies to customers? In what circumstances is pass-through likely to occur?
3. Are there some transactions which due to their nature or the characteristics of products or markets, are more likely to create efficiencies (for example, whether a merger is horizontal or vertical)?
4. Are there circumstances in which efficiencies arising from a merger could create competition concerns, and/or circumstances where such concerns are unlikely to arise?

Theme 1 (b): The evidence base

20. The MAGs state that most of the information relating to efficiencies resulting from a merger, such as cost and revenue synergies, is held by the merger firms.¹⁹ Further, many efficiency claims by merger firms are not accepted by the CMA

¹⁹ MAGs 8.7

because the evidence supporting these claims is difficult to verify and substantiate.²⁰

21. Through this review, we will be exploring the types of evidence that the CMA should consider when assessing potential rivalry-enhancing efficiencies, including how it should compare their magnitude against the possible adverse effects of the merger. We welcome feedback on the types of information on rivalry-enhancing efficiencies held by merger parties, the challenges they have with providing or producing evidence, and the extent to which the CMA should consider sources of evidence other than that held by merger parties.
22. We are particularly interested in whether, and in what ways, the CMA's approach to evidence should differ across efficiency types, for example efficiencies related to cost (such as economies of scale or consolidating assets) as compared to those related to revenues (such as having a broader range of products or services), and/or efficiencies related to innovation and investment (see Theme 1 (c) below).²¹

Figure 2

**Questions on which we are seeking evidence:
Theme 1 (b): The evidence base**

1. What types and extent of evidence should the CMA consider when assessing potential rivalry-enhancing efficiencies? To what extent should this vary across different types of efficiencies?
2. What evidence should the CMA use to compare the likely magnitude of claimed efficiencies against the potential adverse effects on competition arising from a merger? What factors should determine the extent to which this assessment is quantitative or qualitative in nature?
3. What types of relevant evidence are held by merging parties, and are there types of evidence they find more difficult to produce? What sources of evidence other than those held by merging parties should the CMA consider?

Theme 1 (c): Dynamic efficiencies and innovation

23. Mergers can sometimes generate long-term benefits to customers by increasing the merged firms' ability and incentive to innovate, invest or undertake research and development (**R&D**) to improve the quality of products/services, introduce new products/services or improve production processes. For example, a merger may

²⁰ MAGs 8.6

²¹ The CMA and its predecessor organisations have previously accepted both cost and revenue synergies as being rivalry-enhancing efficiencies. For example, in Sainsbury's/Asda (2019) the CMA accepted cost synergies as being rivalry-enhancing efficiencies, whilst in Global/GCap (2008) the OFT accepted that revenue synergies in the form of the merged firm's repositioning its radio stations to attract a broader audience were rivalry-enhancing.

enable firms to achieve economies of scale in their R&D activities, or to combine complementary capabilities. These benefits are sometimes referred to as dynamic efficiencies and are distinct from static efficiencies, such as one-off cost synergies, as they can enable firms to improve their performance on an ongoing basis.²² Dynamic efficiencies can deliver substantial consumer benefits and contribute more broadly to economic growth.

24. Through this review we will be exploring the circumstances in which mergers may increase the ability and incentive of merging parties to innovate, invest and/or undertake R&D that benefits customers. We will also be considering whether there are ways in which mergers can, more generally, foster innovation across a market or sector.
25. We are keen to hear feedback from stakeholders on the challenges with evidencing and assessing these dynamic efficiencies, such as the timeframe over which they might arise or the difficulties in quantifying their benefits. We also welcome views on whether the CMA's approach should differ between static and dynamic efficiencies, including in relation to the analytical framework we use and how this is applied in practice (such as the types and extent of evidence we assess).

Figure 3

**Questions on which we are seeking evidence:
Theme 1 (c): Dynamic efficiencies and innovation**

1. In what circumstances can mergers positively impact the ability and incentives of the merged company to undertake R&D and/or innovate in the relevant products/markets?
2. What evidence should the CMA consider when assessing whether a merger will likely increase R&D and/or innovation in the relevant products/markets?
3. Are there circumstances in which mergers can foster innovation more broadly across a market or sector? Please provide evidence to support your answer.
4. To what extent, and how, should the CMA's approach differ between assessing static and dynamic efficiencies (eg with respect to the framework set out in paragraph 11 above)?
5. What are the challenges with assessing dynamic efficiencies as compared to static efficiencies? How can these challenges be overcome in practice?

²² OECD, Efficiencies in merger control, OECD Roundtables on Competition Policy Papers, No. 321, page 10

4. THEME 2: THE CMA'S PROCESS FOR ASSESSING RIVALRY-ENHANCING EFFICIENCIES

26. In line with the CMA's commitment to the continuous improvement of our processes, including our new 4Ps framework and recent phase 2 reforms, our second theme focuses on the CMA's process for assessing rivalry-enhancing efficiencies.
27. For context, merging parties can submit evidence to the CMA on rivalry-enhancing efficiencies during both Phase 1 and Phase 2.²³ In practice, the CMA will generally first consider whether there is scope for an SLC and, if there is, it will consider rivalry-enhancing efficiency claims from the merging parties. In some cases, the CMA may consider efficiencies and the evidence for an SLC together.²⁴
28. We are keen to hear from interested stakeholders on how effectively the CMA engages with merging parties on rivalry-enhancing efficiency claims, at both Phase 1 and Phase 2. This includes the timing and extent of interactions with the CMA staff team and inquiry group, and any procedural barriers parties encounter when making and substantiating rivalry-enhancing efficiencies.

Figure 4

Questions on which we are seeking evidence: Theme 2: The CMA's efficiencies process

1. How effectively does the CMA engage with merging parties on rivalry-enhancing efficiency claims? Are there any ways in which this could be improved?
2. What barriers are there to merging parties making and substantiating rivalry-enhancing efficiency claims through the different stages of a case? Are there practical steps the CMA could take to reduce or remove these barriers?
3. Are there any learnings which the CMA can take from how efficiencies are considered in other jurisdictions or by other regulatory bodies?
4. Are there any other ways in which the CMA's approach to assessing rivalry-enhancing efficiencies could be improved to embody the 4P principles of pace, predictability, proportionality and process?

²³ At each phase, the CMA will apply the framework set out in paragraph 11. The CMA will decide whether a loss of competition is substantial under the applicable legal standard. At Phase 1, the CMA must meet the 'realistic prospect' standard, whereas at Phase 2, the Inquiry Group decides on a 'balance of probabilities' standard.

²⁴ MAGs, paragraph 8.4.

5. RESPONDING TO THIS CALL FOR EVIDENCE

29. We are seeking views from all interested parties.
30. The Call for Evidence opens on 15 January 2026 and closes on **26 February 2026**.
31. To respond to this Call for Evidence, please send your written submission on each of the two themes, in particular on the questions set out in Figures 1-4, by email to mergerefficienciesreview@cma.gov.uk
32. In addition to this Call for Evidence, the CMA will be directly reaching out to certain interested parties, such as business and industry groups, other competition authorities, and advisor firms. We are keen to hear directly from businesses and investors as part of this consultation. If your business is potentially impacted by these issues, and you would like to participate in the CMA's external engagement, please indicate this via the email address above as soon as possible.
33. In accordance with our policy of openness and transparency, we will publish non-confidential versions of responses on our webpages. If your response contains any information that you regard as sensitive and that you would not wish to be published, please provide at the same time a non-confidential version for publication on our webpages which omits that material and which explains why you regard it as sensitive. When submitting your response please also let us know if you wish to remain anonymous.
34. The disclosure of information which relates to the affairs of an individual or any business of an undertaking, and which comes to the CMA in the course of this Call for Evidence, is governed by the statutory gateways in Part 9 of the Enterprise Act 2002 (the **Act**) and such information can only be released in particular circumstances set out in that Act.