Response from a market participant to the CMA's Interim Report

Dear CMA,

We are writing to you in response to your Interim Report dated 26th March 2026 on the ABF / Hovis merger inquiry.

We are concerned to find no consideration of the impact on the UK milling wheat supply chain mentioned in the CMA's Interim Report. We feel that the focus of the investigation appears to have been 'downstream' on the market for the finished baked goods with the 'upstream' impacts on the critical supply of wheat to the ABF/Hovis flour mills not considered.

We accept that the Merger should go ahead in GB because the counterfactual would likely see Allied Bakeries exit the market. However, we strongly appeal that the Merger should be subject to the specific constraint that the new ABF/Hovis business must not be supplied exclusively by Frontier Agriculture for the reasons we will reiterate below...

Context

Frontier Agriculture is the UK's largest grain supplier with, we estimate, >30% of the total market. It is a 50:50 full function joint venture between Associated British Foods, the parent of Allied Mills, and Cargill (cleared by the OFT, decision published 23 March 2005).

The three largest UK bread makers by size are:

1. Warburtons;
2. Hovis; and
3. Allied / Kingsmill

Frontier currently supplies

1. 100% of the UK wheat to Warburtons – exclusive long-term contract – restricted supply chain
2. 100% of all UK and non-UK wheat to Allied/Kingsmill – an exclusive supply agreement in place since 1st January 2024

We are concerned that, following the Merger, ABF will extend the exclusive Frontier supply (point 2 above) to their newly acquired Hovis business also.

This would give Frontier an unprecedented dominance in the supply of milling wheat to the UK bread makers.

Why is this a concern?

In point 19 of your Interim Report Summary, the CMA states the following…

- Bread is an important staple product, especially for those on lower incomes. Bread is also one of a number of products that are sometimes classed by retailers as 'known value items', ie items which consumers are very familiar with; are aware of how much they cost; and which, if not priced competitively, may cause them to see the retailer as being 'bad value'. As a result, larger retailers generally consider it important to match, or at least stay close to, the lowest market prices for bread.

If the consequence of this Merger sees Frontier positioned as the dominant milling wheat supplier to the UK bread makers, the resulting lack of competition on wheat supply could meaningfully impact the price of bread on the supermarket shelves.

And whilst the bread makers would have little choice as to who to buy wheat from, moreover the UK Farmer would equally be restricted to selling their milling wheat to Frontier. This lack of alternative options for the UK wheat grower could feasibly result in less competitive pricing at a time when UK arable farmers are already under many well documented commercial pressures.

It must also be noted that Frontier's dominance, and the associated constraints for consumers (bread makers) and producers (farmers) alike, is only likely to increase as time passes. Frontier's dominant position in the market would give them profitability and scale whilst at the same time squeezing their competitors out of these supply chains for good.

Conclusion

There is a significant risk that the Merger, if not properly constrained, will enable Frontier to increase its control on the supply of milling wheat to flour millers in the United Kingdom. Control of this "bedrock" market will give Frontier the opportunity then to exert market power in other grain markets including animal feed. Prices for the multiples/grocers can be expected to go up as competition for the supply of grain decreases. Prices for UK farmers are expected to suffer for this same reason.

We would like to reiterate our strong view that this Merger should be subject to the specific constraint that milling wheat to the new ABF/Hovis business must not be supplied exclusively by Frontier Agriculture.

16 April 2026