Bellis’ purchase of Asda raises some competition concerns

News story

The CMA has found that Bellis’ completed £6.8bn purchase of Asda could lead to higher petrol prices in some parts of the country.

The Issa Brothers and private equity firm TDR Capital purchased Asda through jointly owned company Bellis. The Issa Brothers and TDR Capital also own EG Group, which operates 395 petrol stations in the UK, while Asda owns 323. Many of Asda’s and EG’s petrol stations are located in the same parts of the UK and the investigation by the Competition and Markets Authority (CMA) therefore focused on these overlaps.

The CMA has found that the deal raises local competition concerns in relation to the supply of road fuel in 36 areas across the UK and the supply of a specific type of fuel – called auto-LPG – in a further area. It is therefore concerned that the merger could lead to higher prices for motorists in these locations.

Joel Bamford, Senior Director of Mergers, said:

> Our job is to protect consumers by making sure there continues to be strong competition between petrol stations, which leads to lower prices at the pump. These are two key players in the market, and it’s important that we thoroughly analyse the deal to make sure that people don’t end up paying over the odds.
>
> Right now, we’re concerned the merger could lead to higher prices for motorists in certain parts of the UK. However, if the companies can provide a clear-cut solution to address our concerns, we won’t carry out an in-depth Phase 2 investigation.

The buyers now have 5 working days to offer legally binding proposals to the CMA to address the competition concerns identified. The CMA then has a further 5 working days to consider whether to accept any offer instead of referring the case to a phase 2 investigation.

There is further information about this investigation on the Bellis Acquisition Company 3 Limited/Asda Group Limited case page.

Notes to editors

1. Auto-LPG stands for automatic liquified petroleum gas.
2. The CMA launched its Phase 1 review of the deal on 8 December 2020. The European Commission referred the deal to the CMA after a request from the companies under Article 4(4) of the EC's Merger Regulation.
3. In terms of its remit, the CMA can only investigate how a merger may impact on competition in the relevant market(s) and ultimately whether the deal has a detrimental effect on consumers.
4. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.

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Why Analysis in Government Month matters

Head of the Government Analysis Function and National Statistician, Professor Sir Ian Diamond

Government analysis has always been so important, but the last year has truly highlighted this.

I am in awe of how, as a community, the UK's analysts have risen to the challenges presented by the pandemic. I am extremely proud of what analysts across government have achieved and how everyone has helped highlight the importance of analysis in shaping our future. A true demonstration of what we can achieve when we work together.

After the year we have all had, connecting with other colleagues and reaching out to new colleagues is more important than ever which is why I am highlighting the first Analysis in Government month in May 2021. It is going to be a fantastic event and a real opportunity to shine a light on the importance and relevance of analysis today.

The month features a range of content including seminars, panel sessions, training events and blog posts. The campaign aims to engage with analysts working across government and encourage collaborative working by bringing the analytical community together.

The month is open to all members of the Government Analysis Function, local government analysts, aspiring analysts (both inside and outside of government) and anyone with an interest in government analysis for example, other civil servants, academics or analysts in non-government organisations.

I am honoured to be opening Analysis in Government Month on Tuesday 4 May at a launch event and taking part in a panel discussing the future of analysis in government. I will also be keeping up to date with all the latest news and webinars throughout the month and getting involved as much as possible, I encourage you all to do the same.

Please do join me and make the most of the connections and opportunities available to you.

Take some time to interact with [@gov_analysis]() on Twitter, sign up to our monthly newsletter, check the latest news on [our GOV.UK pages]() and start booking your place at our events on our [EventBrite booking page]()

Please note: more events will be added nearer to the time.

I look forward to speaking to you on Tuesday 4 May.

[£3 million nuclear robotics contract is first tranche in LongOps UK-Japan deal]()

The UK Atomic Energy Authority ("UKAEA") has awarded Veolia Nuclear Solutions (UK) and Wälischmiller Engineering GmbH separate contracts totalling £3 million to supply robotic manipulator arms to its RACE research facility.

The £3M contract stems from the £12M UK-Japanese robotics deal for fusion energy and nuclear decommissioning research, called "LongOps", announced in January this year.

LongOps will support the delivery of faster and safer decommissioning at the Tokyo Electric Power Company's ("TEPCO") Fukushima Dai-ichi site in Japan and at Sellafield in the UK.

Veolia Nuclear Solutions (UK) and Wälischmiller Engineering GmbH will each provide a twin-arm haptic manipulator – a form of kinaesthetic communications technology, complete with electrical and control systems, to deliver key aspects of the LongOps project. The manipulators will also be used by UKAEA to train operators that are based at both Sellafield and Fukushima.

In addition, developments from LongOps will be applied to the upgrading, maintenance and dismantling of fusion devices, such as the Joint European Torus (“JET”).

The four-year LongOps collaboration is led by UKAEA’s Remote Applications in Challenging Environments (“RACE”) robotics test facility at Culham Science Centre near Oxford.

LongOps is funded equally by UK Research and Innovation (“UKRI”), the UK’s Nuclear Decommissioning Authority (“NDA”) and TEPCO.

Notes to Editors:

About LongOps

In January 2021, the UK and Japan announced the LongOps research and technology deployment collaboration to help automate nuclear decommissioning and aspects of fusion energy production.

The decommissioning of legacy nuclear facilities and fusion facilities are complex large-scale projects that are time-intensive to accomplish safely. Robotics and digital twin technologies will play an essential part in carrying them out efficiently with no risk to human health.

The world-leading LongOps alliance will see new robotics and automation techniques applied to both fusion research and to decommissioning nuclear facilities in Japan and the UK.

More information on LongOps.

About Veolia Nuclear Solutions (UK)

Veolia Nuclear Solutions is a leading world-class player in nuclear facility clean-up and treatment of radioactive waste. It provides the most comprehensive range of technologies, expertise and services to develop the activity of facility restoration, decommissioning and treatment of radioactive waste.

About Wälischmiller Engineering GmbH

Wälischmiller Engineering is a global manufacturer of manipulators, remote handling systems, and robots for high-radiation and other hazardous environments. The company is involved in complex projects all over the world. For over sixty years Wälischmiller has produced world-class innovative equipment for the market areas of nuclear technology and industry.

UK, Australia and Germany issue

statement on merger control

The CMA has joined forces with counterparts in Australia and Germany to set out the need for robust merger enforcement to drive post-pandemic economic growth.

The Competition and Markets Authority (CMA), the Australian Competition and Consumer Commission (ACCC) and Germany's Bundeskartellamt have signed up to the statement, which comes as countries build back following the Coronavirus (COVID-19) pandemic.

With it, all 3 authorities are being clear that competition between businesses will remain important for consumers as well as other businesses who want to best serve their customers and grow.

It is designed as well to provide clarity to businesses, advisers, courts and governments that the competition authorities will continue to provide a robust challenge to merging companies across all markets.

In dynamic markets like digital, this involves taking a critical look at the likelihood of future competition concerns occurring and acting as appropriate to stop problematic mergers. Linked to this, the authorities are also setting out their view that blocking such problematic mergers or requiring divestments is much more likely to preserve competition than behavioural solutions.

CMA CEO Andrea Coscelli commented:

> As our countries emerge from the coronavirus pandemic, competition will have a crucial role to play in helping our economies grow. That's why I am delighted to be standing with our counterparts in Australia and Germany on this timely statement.
>
> The economic evidence consistently shows that competition is vital for innovation, productivity and sustainable long-term growth and jobs. I also hear directly from UK businesses who have found themselves in very difficult positions after problematic deals are cleared; some unable to survive because they can no longer compete. It's important that we continue to thoroughly examine mergers on behalf of business and consumers – especially in dynamic markets like digital – and take strong action where needed.

ACCC Chair Rod Sims:

> I am delighted to be releasing this joint statement with our UK and German counterpart authorities. We all recognise that competition is fundamental to the success of a market economy. Competition crucially depends on effective merger control.

> Companies have a clear incentive to merge with or acquire their competitors to increase their market power and raise prices. This is why effective merger control is so important, and why some mergers must be blocked by competition authorities.
>
> We know that once market power is gained from a merger, it is very difficult to restore competition with our other competition enforcement tools, making it crucial for us to use merger control more effectively.
>
> The focus of competition agencies, courts and tribunals must be on the importance of protecting competition and preventing anti-competitive mergers, otherwise there is a risk that merger control instead skews towards merger clearance and so damages our economy.

Andreas Mundt, President of the Bundeskartellamt:

> Effective merger control is the most powerful instrument we have to prevent too much market power falling into the hands of only a few companies. We see particularly strong market concentration in the digital economy. Further takeovers and mergers can cause tipping in the market or create ecosystems which are almost incontestable for competitors. Stringent merger control is therefore indispensable. Where possible, imminent competition problems can be solved by imposing conditions. In this case structural remedies are clearly preferable since they permanently safeguard the competitive framework. There are good reasons why under German merger control it is not possible to impose conditions that subject the behaviour of the undertakings involved to continued control.
>
> Abuse proceedings are difficult, lengthy, involve many economic and legal issues when it comes to Big Tech, and are merely aimed at a company's specific conduct. If we do not rigorously apply merger control and prohibit anti-competitive mergers, the post-merger road that we subsequently have to take is a very difficult one.

Notes to editors

1. The full joint statement is available to read online.

2. Read the CMA's Merger Assessment Guidelines for information on the CMA's processes.

3. For media enquiries, contact 020 3738 6460 or email press@cma.gov.uk

UKEF doubles support for sustainable projects to £2.4 billion in 2020

- UK Export Finance backed £2.4 billion of sustainable projects overseas in 2020, doubling the amount it provided in 2019
- Independent assessment of global Export Credit Agencies shows the UK is a world-leader in supporting sustainable projects
- Government support for overseas projects forms part of HMG's Global Britain campaign to create new trading opportunities for UK companies

UK Export Finance (UKEF) provided over £2.4 billion of financial support to sustainable projects in 2020 helping UK businesses to build new hospitals, bring clean energy and develop critical infrastructure in developing countries, according to new data.

At the outbreak of the pandemic it was unclear how many projects, critical to the wellbeing to billions of people across the world, would continue to be financed. UKEF helped to fill this gap and ensure credit continued to flow to this vital infrastructure, while also creating opportunities for UK exporters.

An independent assessment of national export credit agencies released by Trade & Export Finance Limited (TXF) showed the UK provided the second most export credit support for sustainable projects in 2020. Sustainable and green projects are defined by TXF in 16 categories, including renewable energy, biodiversity conservation, affordable housing and food security.

The projects UKEF backed in 2020 include:

Minister for Exports, Graham Stuart MP, said:

> This major financing of critical work helps to bring prosperity to millions of people around the world. We increased UKEF's capacity to support overseas projects in over 100 markets last year, and its financing has placed UK businesses at the heart of many important global projects as a result.
>
> Free and open trade, backed by global rules, offers the lowest income countries a better deal. As we build back better from the pandemic, we are determined to help developing countries benefit from UK capability and will use our export credit agency, UKEF, to ensure no viable export fails for lack of finance.

UKEF's support for sustainable projects also aligns with new measures the department has put in place to enhance its support for clean energy, with £2 billion of direct lending dedicated to financing clean growth projects.

To connect UKEF with overseas projects that have long-term and sustainable growth potential, UKEF has expanded its internationally based country representatives in Africa, South America, the Middle East and Asia, and is set to significantly increase this network in 2021.

Background

About UKEF

UK Export Finance is the UK’s export credit agency. It exists to ensure that no viable UK export lacks for finance or insurance from the private market, providing finance and insurance to help exporters win, fulfil and get paid for export contracts.