

Wool merger raises competition concerns

The Competition and Markets Authority (CMA) has been investigating the completed merger of Danspin and Lawton Yarns.

Both companies provide yarn that is used to make woollen carpets nationally and across the world. In the UK – one of the biggest markets for this particular carpet – Danspin and Lawton Yarns supply the majority of yarn used in its manufacturing.

In its initial “Phase 1” investigation, the CMA has found that, as well as being the 2 main producers of woollen yarn prior to their merger, Danspin and Lawton Yarns were each other’s main competitors and faced little rivalry from other businesses.

Choice for carpet manufacturers following the merger would therefore be particularly limited, as the other main competitors in this sector have a small UK presence and would not pose a healthy challenge to the merged company.

As a result, the CMA is concerned that the new, merged company could increase prices or reduce the supply of yarn to carpet manufacturers in the UK, potentially pushing prices up for people buying woollen carpet.

Danspin bought Lawton Yarns out of administration in May 2019, following a competitive process against other interested purchasers.

Danspin has until 12 November to offer solutions to resolve the CMA’s concerns, otherwise the merger will be referred for an in-depth “Phase 2” investigation.

More information can be found on the CMA’s [Danspin/Lawton Yarns web page](#).