



News Release

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PROVISIONAL CC RULING AGAINST TESCO SLOUGH ACQUISITION

The Competition Commission (CC) has provisionally concluded that Tesco's acquisition of a former Co-op store in Slough has reduced competition and choice in the area.

In its provisional findings report, which is published today at www.competition-commission.org.uk, the CC has concluded that the acquisition of the store on Uxbridge Road, which took place in 2003, has resulted in a substantial lessening of competition in the market for grocery retailing in Slough. It is now consulting on potential measures in relation to the former Co-op site to address the loss in competition.

The Office of Fair Trading (OFT) first decided to refer the acquisition to the CC in February 2004, but suspended action while it sought to agree a remedy with Tesco in place of the reference. This arrangement would have seen a competing grocery retailer move on to the Uxbridge Road site, once Tesco had finished work to extend its existing store on nearby Brunel Way. When this did not prove possible, the OFT made the reference on 19 April 2007.

Peter Freeman, Inquiry Group Chairman and CC Chairman, said:

We have provisionally concluded that Tesco's acquisition of this store has led to a significantly less competitive situation than if it had been bought by a rival retailer. Tesco's own internal assessments and the evidence of both stores' performance shows that, under another owner, the Co-op store was the main potential competition to its existing store at Brunel Way.

The two stores had an overlapping catchment area and although there are other large stores in the area, the extent to which they can compete with the Brunel Way store is limited by other factors.

We will now look to discuss what action we can take with regard to the Co-op site and restoring competition. As Tesco originally bought the Co-op store nearly four years ago, the circumstances surrounding this case are unusual both in terms of a merger inquiry and also its relevance for the ongoing market grocery investigation.

Last month, the CC ordered Tesco to suspend work on the ongoing retail development on the former Co-op site. Although the planned development includes a unit earmarked for

grocery retail following the discussions with the OFT, concerns have been expressed that it might not prove a suitable or desirable site for a competing grocery retailer.

Notes for editors

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. The CC had been asked to decide whether the acquisition has resulted, or may be expected to result, in a substantial lessening of competition in any market for the retail supply of groceries in the Slough area.
3. The inquiry is separate from the CC's existing market investigation into the supply of groceries by retailers in the UK, and has a separate timescale and remit. There is, however, some overlap in the matters covered by the two inquiries—the CC plans to publish its provisional findings in the market investigation shortly.
4. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
5. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period.
6. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: www.competition-commission.org.uk.
7. Enquiries should be directed to Rory Taylor on 020 7271 0242 (email rory.taylor@cc.gsi.gov.uk).