



## News Release

07/06

22 February 2006

### **HEINZ/HP MERGER PROVISIONALLY CLEARED**

The Competition Commission (CC) has provisionally cleared the completed acquisition by HJ Heinz Company (Heinz) of the HP Foods Group (HP).

In its provisional findings report, published today at [www.competition-commission.org.uk/inquiries/ref2005/heinz/index.htm](http://www.competition-commission.org.uk/inquiries/ref2005/heinz/index.htm), the CC has provisionally concluded that the acquisition may not be expected to result in a substantial lessening of competition within the markets for the supply of tomato ketchup, brown sauce, barbecue sauce, tinned baked beans and tinned pasta products in the UK.

Both Heinz and HP produce ketchup, brown sauce and barbecue sauce. Heinz also produces baked beans and tinned pasta products, whilst HP branded baked beans and pasta products are currently produced by Premier Foods plc, under a licence from HP.

Robert Turgoose, Chairman of the Inquiry Group, said:

We've provisionally concluded that there was very limited, if any, competition between Heinz and HP products in the supply to retail customers, so in spite of the increased size of the merged company we do not expect a substantial loss of competition or an increase in prices to result from the merger. In investigating and analysing the markets, we found that ketchup and brown sauce were in separate markets for a number of reasons: these included their characteristics and uses, which differed in the customer profiles and the usage on different host foods of the two products.

In the case of ketchup, brown sauce, baked beans and pasta products, we found that Heinz and HP products were not acting as a competitive constraint on each other. We therefore did not expect an increase in prices to result from the merger.

As for barbecue sauce, although there was some evidence of competition between the HP and Heinz products, we found that the barriers to new providers were lower than with other items and that barbecue sauce isn't viewed as a 'must stock' item by retailers, which means that the merged company's ability to raise prices for this product would be constrained.

We also looked at the food service market such as supply to restaurants, where HP only competed with Heinz on a very limited basis, so again we concluded that there would be no damage to competition.

The CC now invites responses from the main parties and other interested parties on the provisional findings, in writing, by 15 March 2006. To submit evidence, please write to:

Tom Muir, Inquiry Secretary (Heinz/HP inquiry)  
Competition Commission  
Victoria House  
Southampton Row  
LONDON  
WC1B 4AD

Or email: [HeinzHP@competition-commission.gsi.gov.uk](mailto:HeinzHP@competition-commission.gsi.gov.uk).

### **Notes to editors**

1. The merger was referred by the Office of Fair Trading (OFT) on 26 October 2005 and the CC is required to publish its final report by 11 April 2006.
2. 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.
3. The Heinz/HP Foods Inquiry Group consists of four members: Robert Turgoose (Group Chairman), Chris Goodall, Cosmo Graham and Rob Murray.
4. 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.
5. 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](http://www.competition-commission.org.uk).
6. A printed version of the provisional findings report will be published by TSO presently.
7. Media enquiries should be directed to Rory Taylor on 020 7271 0242 (email: [rory.taylor@competition-commission.gsi.gov.uk](mailto:rory.taylor@competition-commission.gsi.gov.uk)).