



News Release

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OFT REFERS GROCERIES MARKET TO COMPETITION COMMISSION

Competition Commission invites evidence

Following the Office of Fair Trading's (OFT) decision to refer the market for the supply of groceries by retailers in the UK to the Competition Commission (CC) for investigation, the CC is inviting evidence from all interested parties.

This market reference follows an initial OFT study into the sector and public consultation. The CC will now carry out its own comprehensive investigation, to see if any features of this market prevent, restrict or distort competition and, if so, what action might be taken to remedy these.

The CC will now appoint members to its inquiry group and will then publish a draft timetable for the inquiry. The first task for the group will be to gather evidence by contacting all involved parties and by advertising for submissions from any other interested groups or individuals.

Peter Freeman, CC Chairman, who will also chair the Inquiry Group, said:

"The CC has done several investigations into grocery retailing in recent years so it's a sector we know fairly well. We recognise there is a lot of public concern about several issues – not all of them related to competition. The OFT has found some specific areas of concern, and we will be looking closely at those and at anything else relevant to competition.

"CC market investigations are very thorough. It's our task to get to the bottom of things, and if anyone has evidence to submit to us, we would encourage them to do so. Our process is designed to be open and fair to all parties.

"We recognise that an inquiry like this puts big demands on the parties involved, so we will aim to be as quick as we can, although we are required to conduct a comprehensive investigation. The law permits us two years to complete our investigation, but we aim to finish in substantially less time than that. In order to do so we will need to be flexible in the way we conduct the inquiry and to focus on the important competition issues. In this we will need, and so hope we can rely on, co-operation from all parties."

The CC would like to hear from all interested parties, in writing, by 6 June 2006. To submit evidence, please write to:

The Inquiry Secretary (Groceries market inquiry)
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

Or email: Groceries@cc.gsi.gov.uk

Notes for editors

1. Enquiries should be directed to Rory Taylor on 020 7271 0242 or rory.taylor@cc.gsi.gov.uk.
2. Under the Enterprise Act 2002 the OFT can make a market investigation reference to the CC if it has reasonable grounds for suspecting that competition is not working effectively in that market.
3. In its inquiry, the CC is required to decide whether: 'Any feature, or combination of features, of each relevant market prevents, restricts or distorts competition in connection with the supply or acquisition of any goods or services in the United Kingdom or a part of the United Kingdom.' If so, then there is an adverse effect on competition and the CC will also consider whether this is resulting in a detrimental effect on customers such as higher prices, lower quality or less choice of goods or services. The CC will then decide whether the CC should introduce remedies to tackle the adverse effect on competition or detrimental effect on customers or whether the CC should recommend action be taken by other bodies to remedy the adverse effects on competition and if so, what actions or remedies should be taken. If the CC finds there is no adverse effect on competition the question of remedies will not arise.
4. The Enterprise Act 2002 requires the CC to consult the main parties on its proposed decisions and it will also publish notice of its provisional findings on the CC web site as required by its rules. Full details on the CC's guidelines for Market Investigation References are available on the CC web site www.competition-commission.org.uk.
5. Market investigation references are intended to focus upon the function of a market as a whole rather than the conduct of a single firm in a market. If the OFT has concerns about the conduct of a single firm or firms that have engaged in anti-competitive agreements, it will first consider whether those actions infringe the Competition Act 1998.