

Conduct of the inquiry

1. On 14 June 1990 the Office of Fair Trading sent the following reference to the MMC:

The Director General of Fair Trading, in exercise of his powers under section 47(1), 49(2) and (3) and 50(1) of the Fair Trading Act 1973 ('the Act'), hereby refers to the Monopolies and Mergers Commission ('the Commission') the matter of the existence or possible existence of a monopoly situation in relation to the supply in the United Kingdom of razors and razorblades intended, in either case, for wet shaving use.

The Commission shall investigate and report on the questions whether a monopoly situation exists in relation to such supply, and if so;

- (a) by virtue of which provisions of section 6 to 8 of the Act that monopoly situation is to be taken to exist;
- (b) in favour of what person or persons that monopoly situation exists;
- (c) whether any action or omission on the part of that person or those persons in respect of the matter specified below operates or may be expected to operate against the public interest; the matter specified is the giving of assistance to and the provision of finance for Swedish Match NV in or in connection with the acquisition of the consumer products division of Stora Kopparbergs Bergslags AB, including all transactions or arrangements entered into or proposed in connection with such assistance or provision of finance.

The Commission shall report on this reference within a period of 6 months from the date hereof.

14 June 1990

(Signed) GORDON BORRIE
Director General of Fair Trading

2. The questions in the reference are answered in the following paragraphs of the report:

whether a monopoly situation exists: paragraph 7.2;

(a): paragraph 7.2;

(b): paragraph 7.3; and

(c): paragraphs 7.59, 7.62, 7.66, 7.67, 7.69 and 7.70.

3. The composition of the group of members responsible for the present investigation and report is indicated in the list of members in the preface.

4. Notices inviting interested parties to submit evidence to the MMC were placed in:

Financial Times
The Scotsman
Grocer
Chemist and Druggist
Newcastle Evening Chronicle

5. In addition we sought evidence and views from competitors of Gillette and Wilkinson Sword, the investment companies involved in the transaction, retailers, trade unions and consumer bodies. Written evidence was received from many of these parties and we held hearings with eight of them.

6. We received written submissions from Gillette and Swedish Match NV and held two hearings with each of these companies. During the course of our inquiry members and staff of the MMC visited Gillette's factory at Isleworth in West London and Wilkinson Sword's factory at Cramlington in North-East England.

7. On 10 September 1990 we informed Gillette of our provisional conclusion that a monopoly situation as defined in section 6(1)(a) of the Fair Trading Act 1973 existed in relation to the supply in the United Kingdom of razors and razor blades intended, in either case, for wet-shaving use. Gillette was also notified of the grounds for this provisional conclusion and of the issues which the MMC considered arose in connection with the public interest.

8. Some of the evidence obtained in the course of our inquiry was of a commercially confidential nature and our report contains only such information as we consider necessary for a proper understanding of our conclusions.

9. We thank all those who helped us with our inquiry, and particularly the companies principally involved, many of whom came from outside the United Kingdom at some considerable inconvenience.