

Asda's £600m deal to buy the Co-op's petrol stations 'could mean higher prices or less choice'

Asda's £600m deal to buy the Co-op's petrol station business could result in higher prices or less choice, the Competition and Markets Authority (CMA) was warned.

The judgement comes after an official inquiry was launched into the deal [in January](#) after the transaction was completed [towards the end of last year](#) and saw 2,300 workers move over to the supermarket giant.

In [August 2022](#), the Co-op first revealed plans to sell its 132 petrol stations and attached convenience stores in a bid to bolster its finances.

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The Co-op said proceeds from the sale will be reinvested into its core convenience shops, pricing, stores operations and reducing its debt burden.

In October, Asda said the CMA had already issued an initial enforcement order, meaning the Co-op sites must remain separate until any probe is completed.

At the time, the supermarket giant said the process is likely to "take until mid-2023".

Asda is owned by the Lancashire-based billionaire Issa brothers and private equity firm TDR Capital.

A CMA statement said: "The CMA's investigation focused on a

number of local areas in which Asda and the Co-op sites that it acquired compete to provide fuel or groceries to customers.

“The CMA found that the deal raises competition concerns in 13 locations across the UK, in each of which the merging businesses currently compete for customers and would not face sufficient competition after the merger.

“The deal could therefore lead to consumers and businesses in these areas facing higher prices or lower quality services when shopping or buying fuel.

“Asda told the CMA that competition concerns would not arise in these areas because the merger would enable Asda to bring its low-cost pricing model to more customers.

“But as the CMA’s investigation in this case focussed on local areas in which the merging businesses currently compete for customers, competition concerns only arise in areas in which Asda is already an important option for customers, who already have access to Asda prices.

“The CMA found that allowing Asda to acquire more sites in those areas, leaving it facing insufficient competition in future, could therefore risk worse outcomes for customers.”

The deal will now be referred to an in-depth phase two investigation by the CMA.

Colin Raftery, CMA senior director of mergers, said: “Groceries and fuel account for a large part of most household budgets.

“As living costs continue to rise, it’s particularly important that deals that reduce competition among groceries and fuel suppliers don’t make the situation worse.

“While competition concerns don’t arise in relation to the vast majority of the 132 sites bought by Asda, there’s a risk that customers could face higher prices or worse services in a

small number of areas where Asda would face insufficient competition in either groceries or fuel after the deal goes through.”

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