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News story

CMA considers next steps in JD Sports/Footasylum merger

The CMA is considering its next steps following today's Competition Appeal Tribunal judgment in the JD Sports/Footasylum case.

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From:

Competition and Markets Authority (<https://www.gov.uk/government/organisations/competition-and-markets-authority>)



JD Sports had appealed the Competition and Market Authority's (CMA) final decision to block its takeover of Footasylum, arguing that the assessment of the effects of the merger on competition was too broad and that the CMA had failed to gather enough information regarding the effects of the coronavirus (COVID-19) in the retail sector.

Today's judgment has supported the way in which the CMA assessed the effects of the merger on consumers but found that it did not go far enough in its information gathering about the impact of the coronavirus.

The CMA welcomes the Tribunal's endorsement of the CMA's analytical framework for assessing the effects of the merger on consumers. The judgment supports the CMA's analysis of the evidence which led the CMA to conclude that JD Sports and Footasylum are close competitors and that the merger would lead to a substantial lessening of competition to the detriment of consumers. The judgment states that the CMA had "very substantial evidence" on which to base its decision and provided "substantial reasons for its assessment".

Coronavirus hit the UK heavily including with the first lockdown in the final weeks of the CMA's inquiry. This meant that the CMA's assessment of the impact of the pandemic on its decision about the likely future effects of the merger was undertaken in the context of great uncertainty about the longer term impact of the coronavirus on the retail sector. The CMA therefore decided in early April that asking suppliers, and Footasylum's bank, for updated forecasts would not be fruitful because it would have been speculative and unreliable evidence on how the coronavirus would affect the retail sector over the longer term.

CMA Chief Executive Andrea Coscelli said:

The CMA welcomes the Tribunal's strong endorsement of its approach to making sure that mergers don't leave UK shoppers worse off. Today's judgment reinforces the way in which we analyse and assess the evidence we receive in these cases, and the decisions we make to protect consumers.

However, we are disappointed that the Tribunal disagreed with the CMA's approach to information gathering about the specific impact of coronavirus on the sector given the circumstances at that time. We will now take stock of today's judgment and carefully consider our next steps, including whether to appeal.

For more information, visit the JD Sports / Footasylum merger inquiry case page (<https://www.gov.uk/cma-cases/jd-sports-fashion-plc-footasylum-plc-merger-inquiry>).

For media queries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.

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