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Heineken's takeover is 'baffling and infuriating'



Chris Wright, of the Pubs Advisory Service, said that the CMA 'showed scant knowledge of how pubs operate'

By **Bradley Gerrard**

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The pub industry has hit out at competition watchdogs for failing to impose tougher barriers on Heineken's takeover of 1,900 sites from Pu despite expressing concern over the deal.

The Competition and Markets Authority delayed Heineken's purchase because it was concerned about a potential reduction in competition w brewer's 1,100 pubs were added to the 1,900 it is buying. But after six months of assessing the deal, it asked Heineken to sell just 30 pubs, which believe too easily allowed its Star Pubs & Bars division to become the third-largest pub owner in the UK, behind EI Group (formerly Enterprise King).

Chris Wright, of the Pubs Advisory Service, said dealing with the CMA was "baffling and infuriating".

"They clearly showed scant knowledge of how pubs operate," he said.

"It also transpires that the CMA make their competition decisions based on a computer model and we think this decision by them to order Hei pubs shows the programme has well and truly crashed."

Mr Wright said a full impact study should have been carried out by the CMA and went further by suggesting industry stakeholders should lob

Orders 2” – a reference to historic legislation that capped the number of tied pubs that could be owned by a brewer.



Some 1,900 Punch Taverns sites will be acquired by Heineken

Tim Page, the chief executive of the Campaign for Real Ale (CAMRA), admitted he was “surprised” by the low number of pubs the CMA asked for and thought it would be at least three times the amount requested.

“We had anticipated it would be a three-figure number that they would be required to sell,” he said. He added that CAMRA submitted its views, outlining its reservations about the deal.

“Our concern was about maintaining choice for drinkers and specifically when a large brewer owns pubs, ensuring that they don’t just restrict selling the beers that they produce and purchase through large deals with other breweries.”

The CMA said it “thoroughly investigated” the effects of the merger on a local and national scale and that, while it did use computer technology in its decision, this was accompanied by “a significant volume of real-world evidence” including views from 50 industry stakeholders and 1,200 consumers.

It added that the combined entity would have only had less than 35pc of pubs in many areas where they operate, meaning consumers would have alternative options. Heineken, which has pledged to keep working with the Society of Independent Brewers to offer a wide range of beers, said the takeover is due to be complete at the end of the month.

The criticism of the CMA comes as part of the pub sector was rapped on the knuckles by the Pubs Code Adjudicator this week. Paul Newby said he uncovered evidence that pub companies with tenanted and leased sites were “creating barriers” when their tenants were trying to access their rights under the Pubs Code.

This is legislation that allows those running pubs to cut the so-called “beer tie”, which has historically forced them to buy drinks from their landlord in exchange for ostensibly lower rents.