

## **JCRA Media Release**

27 March 2008

### **JCRA Report - Introduction of New Supermarket Economically Beneficial**

The Jersey Competition Regulatory Authority ('JCRA') has advised the Minister for Economic Development (the 'Minister') on the economic impact of new entry into Jersey's retail sector by a large supermarket competitor. The advice concludes that new entry likely would be economically beneficial to Jersey.

#### The Minister's Request for Advice to the JCRA

The Minister requested on 24 September 2007 that the JCRA provide advice under Article 6(4) of the Competition Regulatory Authority (Jersey) Law 2001 on the economic impact of new entry into the retail sector by a large supermarket competitor. In providing this advice, the Minister asked the JCRA to take into account the likely impact on:

- consumer welfare (in terms of prices, quality, innovation and choice available to consumers);
- the productive efficiency of existing retailers (in terms of their costs and revenues); and
- the Jersey economy overall.

The Minister asked that the JCRA advise on the basis of the most recent and relevant information available and consider empirical evidence which may be relevant to circumstances in Jersey, with particular reference to experience from other small economies.

#### The JCRA's Advice to the Minister

In response to the Minister's request, and in particular the request to have particular regard to experience in other small economies, the JCRA examined economic conditions in the Isle of Man's retail sector. The JCRA considered the Isle of Man to be an appropriate benchmark to Jersey, giving similarities in status, population, demographics,

and wealth. The Isle of Man, however, has three supermarket chains, which include Tesco, while Jersey currently has two – Channel Islands Co-operative and Sandpiper (owners of Checkers, Safeway, and the local Marks & Spencer franchise).

In addition, the JCRA conducted a wide-ranging public consultation, which was published on 12 November 2007. The JCRA received a number of responses to this consultation, which presented the views of consumers, existing retail competitors, and potential new entrants.

Upon consideration of the Isle of Man experience, the responses to the consultation, and other evidence, the JCRA advises that the introduction of another supermarket could lead to reduced prices and better choice for Jersey's consumers. Increased competition in supermarkets could also increase the productivity of existing retailers and have positive effects on Jersey's economy overall. A copy of the JCRA's report to the Minister is available on the JCRA's website, [www.jcra.je](http://www.jcra.je).

Concerning the matter, the JCRA's Executive Director, Chuck Webb, states:

*The JCRA's advice concludes that, when viewed in economic terms, new entry into the retail sector by a large supermarket competitor would be beneficial to Jersey. We note, however, that the Minister's terms of reference were limited to determining the economic impact of new entry – consistent with the JCRA's role and expertise. Other considerations, such as planning, population growth, and environmental impact, also are undoubtedly important, but were beyond the scope of our inquiry. Thus, the JCRA's advice does not purport to be the final word in this debate, but aims to contribute positively to it, and help the Minister make as fully informed decision as possible.*

The JCRA would like to express its sincerest gratitude to the Isle of Man's Office of Fair Trading for its assistance in helping the JCRA conduct research while in the Isle of Man.

All enquiries to the JCRA should be directed to the Executive Director, Chuck Webb, on +44 (0)1534 514990.

About the JCRA

The JCRA is an independent authority established by the States of Jersey to enforce Jersey's competition law and regulate its telecommunication and postal sectors. In each of these areas, the JCRA's primary mission is to promote consumer welfare through efforts that encourage lower prices and greater choice and innovation in the goods and services available in Jersey. The JCRA is recognized internationally as a leading voice in the application of competition law and policy in small economies.

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