

## Competition &amp; Regulatory Newsletter

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## ABF / Hovis receives clearance from the CMA

### Introduction

On 16 June 2026, the Competition and Markets Authority (CMA) [unconditionally cleared](#) the merger of Associated British Foods plc (ABF) and Hovis Group Limited (Hovis). This clearance marked the completion of the in-depth Phase 2 investigation that commenced on 8 January 2026. The case was also the first time merging parties made use of the Phase 2 fast-track procedure. The full decision can be found [here](#).

### Background

ABF and Hovis [first announced](#) the proposed UK-focused merger on 15 August 2025, citing difficulties faced by British bread suppliers in recent years as a primary driver. ABF is a goods, ingredients and retail group operating in over 50 countries. Hovis supplies bread and other bakery products with operations limited to the UK. The principal challenges faced by both parties included rising costs and the decline in demand for bread. As a result of these difficulties, ABF's UK-focused division, Allied Bakeries, had incurred significant losses in the past 14 years. The merger was proposed to create a profitable UK bread and bakery business primarily through cost synergies in Great Britain – including those achieved through the combination of operational footprints, and the integration of distribution and logistics networks.

The CMA [launched](#) its merger investigation on 22 December 2025, but the case was [referred](#) to Phase 2 shortly afterwards on 8 January 2026 at the request of the merging parties, under the new “fast track” procedure. The fast-track procedure was created under the [Digital Markets, Competition and Consumers Act 2024](#) (DMCCA). It is intended for cases that are highly likely to be referred to Phase 2 and gives the parties the ability to proceed to this later phase and engage in remedies discussions more quickly. Merger control cases can be fast-tracked at the request of the notifying parties, either during the pre-notification period or at any stage of the Phase 1 investigation process.

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## Interim report – the exiting firm scenario

In an interim report [published](#) on 26 March 2026, the CMA provisionally found that the merger could be expected to result in a substantial lessening of competition (SLC) in Northern Ireland but not in Great Britain. The CMA investigation in both regions centred on the ‘exiting firm’ scenario and whether Allied Bakeries was likely to exit the market in the absence of the merger. Even if a business is likely to exit though, the CMA considers whether an alternative purchaser may be available that would produce less anticompetitive effects.

In determining the likelihood of Allied Bakeries’ exit from the market, the CMA considered the company’s ability to meet its future financial obligations in light of Allied Bakeries’ long-term loss-making position, the possibility of a successful company restructuring, and the wider decline of the pre-packaged bread market.

The interim report concluded that Allied Bakeries would likely exit the market absent the merger in both Northern Ireland and Great Britain; however, potential alternative purchasers for Allied Bakeries were identified in Northern Ireland, meaning the exiting firm requirements were not met in that region and the parties may have had to proceed with a sale of those assets.

## The Phase 2 investigation

Ultimately, following the completion of its Phase 2 investigation, the CMA concluded that there was no appropriate purchaser for Allied Bakeries’ Northern Ireland business.

ABF initiated a sales process for its Northern Ireland business, which attracted the interest of 17 potential purchasers. In the end, only four offers were made; three of those were so low that it would have been more expensive for ABF to accept them than to liquidate Allied Bakeries. Alongside a review of this sales process, the CMA conducted a thorough analysis of Allied Bakeries’ financial performance in Northern Ireland, which facilitated a refreshed assessment of potential alternative purchasers (given their definition as purchasers above liquidation value). The CMA ultimately concluded that no suitable purchaser existed for Allied Bakeries’ Northern Ireland business, and the conditions for the exiting firm scenario were met.

This resolved concerns about a SLC in Northern Ireland and precipitated the unconditional clearance of the merger.

## Conclusion

What makes this unconditional clearance particularly noteworthy is not only the clearance itself, but the basis on which the merger was cleared. Successful failing firm defences are rare, even more so where the failing firm is on the buy-side of the merger in question.

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## The Hong Kong Competition Commission consults on five-year renewal of liner shipping block exemption order

On 11 June 2026, the Hong Kong Competition Commission (HKCC) launched a [public consultation](#) on its proposal to renew its block exemption order (the Order) for vessel sharing agreements (VSAs) in the liner shipping industry for a further five years, until 8 August 2031.

VSAs are agreements between liner shipping operators on operational arrangements, such as the joint operation of services and the exchange of space on vessels. The Order exempts VSAs dealing with certain operational matters from the First Conduct Rule, subject to a 40 per cent combined market share cap (or 45 per cent for up to two consecutive years) and a prohibition on price fixing, limiting capacity and market allocation. The Order was first issued in 2017 and was renewed on the same substantive terms in 2022 for four years until 8 August 2026. Following the current review, which commenced in August 2025, the HKCC has provisionally concluded that the Order continues to meet the efficiency exclusion and proposes to renew the Order on the same substantive terms.

In support of its proposal, the HKCC highlighted the following:

- VSAs have continued to be widely used by shipping lines providing services calling at Hong Kong since the last renewal;
- Hong Kong shippers have not faced reduced competitive conditions since the last renewal;
- VSAs continue to meet the four cumulative conditions of the efficiency exclusion under the First Conduct Rule, provided the parties do not exceed the market share limit; and
- The Order continues to be merited and effective in Hong Kong, notwithstanding that the EU and UK allowed their equivalent consortia block exemptions to lapse in 2024. This is supported by the fact that there are a larger number of smaller players cooperating through VSAs in Asia compared to Europe, particularly on (intra-Asia) regional routes, and these players rely heavily on the Order rather than self-assessment.

The exemption will continue to provide the liner shipping industry with legal certainty that qualifying VSA arrangements will fall outside the First Conduct Rule, maintaining Hong Kong's alignment with other major Asian shipping jurisdictions and allowing shipping lines to offer broader service coverage and higher service frequency to the benefit of Hong Kong customers.

The public consultation closes on 13 July.

## Regulatory

### General Court annuls gatekeeper designation for Meta's Marketplace platform

On 3 June 2026, the European General Court (GC) [annulled](#) the European Commission's decision under the Digital Markets Act (DMA) designating Meta with gatekeeper status with respect to its Marketplace platform. The judgment marks the first-ever successful appeal under the DMA, following ByteDance's

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unsuccessful challenge of its gatekeeper designation in relation to TikTok in July 2024 (for further details, see a previous edition of our [Newsletter](#)).

In September 2023, the Commission [designated](#) six services offered by Meta as core platform services: Facebook, Instagram, WhatsApp, Meta Ads, Messenger, and Marketplace. Meta subsequently brought an action for the annulment of the decision in so far as it concerned Messenger and Marketplace.

By its judgment, the GC upheld the Commission's assessment of Messenger, confirming that it constitutes a number-independent interpersonal communications service distinct from Facebook. However, in relation to Marketplace, the GC sided with Meta. The GC found that the Commission had applied an incorrect legal timeframe by limiting its assessment of whether Marketplace qualified as an online intermediation service to the last three financial years preceding its designation. In particular, the Commission had failed to take into account changes to the platform made at the end of July 2023 which limited the number of listings per user, meaning that Marketplace no longer had 'business users' according to the Commission's applied metric. The GC further held that the Commission had not carried out any concrete analysis of those changes, nor explained their effect on its finding that Marketplace enabled business users to offer goods and services to consumers, notwithstanding this being a key requirement for classifying a service as an online intermediation service. As a consequence, the GC annulled Meta's designation as a gatekeeper for Marketplace. While the Commission had already [un-designated](#) Marketplace as an online intermediation service in April 2025 on the basis that the DMA's quantitative thresholds were no longer met, the GC emphasised that the Commission's repeal of its designation decision does not amount to recognition of that decision's illegality and only takes effect from the point of the repeal. The GC's judgment is thus important in restoring Marketplace to its position prior to the original designation and setting a precedent to guard against similar decisions in the future.

### **Council of the European Union approves revised EU framework for screening foreign direct investments**

On 8 June 2026, the Council of the European Union gave its [green light](#) to a regulation revising the EU framework for screening foreign direct investments (FDI). This marks the final step in the legislative process after the European Parliament's approval on 19 May 2026.

The revised regulation replaces the existing FDI screening framework, in force since October 2020, and aims to ensure a more coordinated and effective EU-wide approach to safeguarding security and public order. Notable changes include a mandatory requirement for all EU Member States to establish screening mechanisms, as well as national call-in powers for non-notifiable transactions; a common minimum scope of sensitive and strategic sectors, technologies and infrastructure; a harmonised Phase I review timeline; and a strengthened cooperative mechanism between the Commission and EU Member States. The revised regulation also brings into scope investments made through EU-incorporated entities that are ultimately controlled by non-EU investors. For further details, see a previous edition of our [Newsletter](#).

The revised regulation will enter into force 20 days after publication in the Official Journal of the EU. From that point, EU Member States will have 18 months to implement the new rules into their national FDI frameworks.

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