

Mergers: Commission approves merger between Posten and Post Danmark, subject to conditions

The European Commission has cleared under the EU Merger Regulation the proposed merger between Posten of Sweden and Post Danmark, both incumbent postal operators. The Commission's decision is conditional upon the commitment of the parties to divest assets and customer contracts covering their entire overlap in the domestic standard business to business (B2B) parcel delivery services market in Denmark. The Commission concluded that the transaction, as modified by these commitments, would not significantly impede effective competition in the European Economic Area (EEA) or any substantial part of it.

"This is the first merger by incumbent postal operators in Europe, and I have been particularly careful to make sure that there were no risks to liberalisation, and that all competition problems were removed", said Competition Commissioner Neelie Kroes. "The merger did raise some problems, and I am pleased that we resolved these problems quickly and in full. Liberalisation can move forward just as before."

Posten is wholly-owned by the Kingdom of Sweden. It is active in Sweden in the field of postal services (mail and parcels) and mail preparation services (printing and enveloping) through its subsidiary Strålfors.

Post Danmark (PDK) is owned by the Kingdom of Denmark and CVC (a private equity and investment advisory firm), and is mainly active in Denmark in the field of postal services (mail and parcels).

While the Swedish postal market has been fully liberalised since 1993, the Danish market has not yet been liberalised. The Commission has therefore carefully considered the potential effects of the merger on the upcoming liberalisation of the Danish postal market, which will take place before 2011. The Commission's investigations showed that liberalisation of the Danish mail market is not at risk, as the proposed merger is unlikely to increase barriers to entry or expansion, or impede competition in the Danish mail market.

The activities of Posten and Post Danmark overlap horizontally in the provision of parcel delivery services in Denmark, affecting a number of parcel markets. In addition, a conglomerate relationship exists in Denmark between the provision of printing and enveloping services by Strålfors, a subsidiary of Posten, and mail distribution services by Post Danmark.

The Commission's market investigation showed that the proposed transaction, as initially notified, raised horizontal competition concerns with respect to the domestic standard business to business (B2B) parcel delivery services market in Denmark.

To remedy these concerns, the parties committed to divest assets and customer contracts covering their overlap in the domestic standard B2B parcel delivery services market in Denmark.

After market testing the proposed commitments, the Commission concluded that they were viable measures, suitable to address the competition concerns identified in its investigation.

Further information on the case will be available at:

http://ec.europa.eu/competition/mergers/cases/index/m103.html#m_5152