

Brussels, 11 August 2010

Mergers: Commission clears proposed acquisition of Arriva by Deutsche Bahn, subject to conditions

The European Commission has approved under the EU Merger Regulation the proposed acquisition of rail and bus operator Arriva plc of the UK by Deutsche Bahn. The decision is conditional upon Deutsche Bahn's commitment to divest Arriva Deutschland which includes the entire rail and bus business of Arriva in Germany. In the light of the commitments, the Commission concluded that the transaction would not significantly impede effective competition in the EEA or any substantial part of it.

Competition Vice President in charge of Competition Policy Joaquín Almunia said "This decision shows that the Commission is open for cross-border integration in the newly liberalised transport markets provided that such transactions do not in any way reduce competition, in particular in the home market of the acquirer. The divestiture of Arriva Deutschland will ensure that competition on the German rail and bus markets keeps on developing as intended by EU legislation."

Deutsche Bahn is the incumbent rail and bus operator in Germany. It has activities *inter alia* in rail and bus passenger transport services, freight services, logistics services and the operation of railway infrastructure and stations in Germany, but also in a number of other European countries. Arriva is a European rail and bus operator with activities *inter alia* in the UK, Denmark, Germany, the Netherlands, Poland, and Sweden.

The Commission's investigation focused on the rail and bus passenger transport markets as well as rail freight markets in several EU Member States, in particular in Denmark, the UK and Germany. The Commission found competition concerns on the German rail and bus markets. Deutsche Bahn as the rail incumbent and largest bus operator still enjoys very high market shares and Arriva Deutschland has become, in spite of high barriers to entry, one of the major competitive forces in the German rail and bus markets.

To address the Commission's concerns, Deutsche Bahn offered to divest Arriva Deutschland which comprises the entire Arriva rail and bus business in Germany. These commitments fully remove the overlap in a clear manner and received a positive feed back in the market test. The Commission therefore concluded that the modified transaction does no longer raise competition concerns.

The transaction was notified to the Commission on 22 June 2010. More information on the case will be available at:

http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=2_M_5855