



## Mergers: Commission approves acquisition of small package delivery services provider TNT Express by FedEx

Brussels, 8 January 2016

**The European Commission has approved under the EU Merger Regulation the proposed acquisition of TNT Express by FedEx Corporation. Both companies offer world-wide small package delivery services.**

Following an [in-depth investigation](#) opened in July 2015, the Commission has concluded that the acquisition will not give rise to competition concerns, because FedEx and TNT are not particularly close competitors and because the merged entity will continue to face sufficient competition from its rivals in all markets concerned.

Commissioner Margrethe Vestager, in charge of competition policy, commented: "*Many businesses and consumers rely heavily on affordable and reliable small package delivery services, in particular with the growth of e-commerce. Therefore, the Commission has thoroughly assessed the markets affected by this takeover. The conclusion is that European consumers will not be adversely affected by the transaction. We have therefore unconditionally approved the merger.*"

FedEx and TNT are two out of four so-called 'integrators' currently operating in the small package delivery sector in Europe. Integrators are companies that control a comprehensive air and road small package delivery network and are capable of offering a broad portfolio of reliable delivery services. The other integrators are Europe-based DHL, owned by Deutsche Post, and US-based UPS.

### The Commission's investigation

[The in-depth investigation opened by the Commission](#) into FedEx's takeover of TNT Express was prompted by concerns that the proposed acquisition would substantially lessen competition in certain markets for international deliveries of small packages up to 31.5kg in the European Economic Area (EEA), namely:

- international intra-EEA express delivery services markets comprising small packages that are picked up in an EEA-country and are delivered to a different EEA country; and
- extra-EEA delivery services markets comprising certain markets for deliveries of small packages picked up in an EEA-country and delivered to a destination outside the EEA.

The Commission was concerned that following the transaction, the merged entity would face insufficient competitive constraints from the only two remaining integrators, DHL and UPS. A lack of sufficient competitive constraints could lead to higher prices for business customers and consumers.

These concerns have been dispelled by the Commission's in-depth investigation. The Commission concluded that the proposed concentration would not significantly impede effective competition in the EEA or any substantial part of it.

#### *Intra-EEA express delivery services*

As regards international intra-EEA express delivery services, the Commission considers in particular that the merged entity's market position will be moderate and that, amongst integrators, FedEx and TNT are not particularly close competitors. The Commission's investigation showed that FedEx still exerts a weaker competitive constraint on the other integrators due to the lack of density and scale of its European networks.

The Commission carried out a price concentration analysis which is in line with the approach in UPS/TNT. The Commission also found that the transaction will give rise to verifiable, merger-specific efficiencies due to network cost savings which will benefit customers.

#### *Extra-EEA delivery services*

Similarly, as regards extra-EEA deliveries, the Commission concluded that the market position of the

merged entity on markets for deliveries to the world and to the major world trade lanes will be moderate and that amongst integrators, FedEx and TNT are not particularly close competitors. This is due to TNT's focus on intra-European markets.

The Commission also found that DHL and UPS will compete effectively with the merged entity after the transaction and that the takeover will allow the business to be run more efficiently due to network cost savings.

The Commission also thoroughly investigated allegations that the transaction may cause particular harm to small and medium enterprises (SMEs). After a comprehensive market investigation, the Commission concluded that SMEs will not be more affected by the acquisition than other customers.

In 2013, the [Commission prohibited the planned acquisition of TNT by UPS](#). At the time, the Commission found that the takeover was likely to harm customers by causing price increases. This conclusion was amongst other things based on the fact that FedEx did not exert a significant competitive constraint in a number of national markets for intra-EEA express delivery services. In its investigation in the present case, the Commission replicated the same assessment as was undertaken in the UPS/TNT case both for intra-EEA express and for extra-EEA markets, thus ensuring full consistency with its previous practice.

### **Companies and products**

FedEx is a US-based international provider of small package delivery, freight forwarding and cargo transportation services through its integrated global network.

TNT Express, based in the Netherlands, is active in the global logistics sector, where it provides small package delivery, air and ground freight and freight forwarding services.

### **Merger control rules and procedures**

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

There are currently 5 on-going phase II merger investigations:

- the proposed acquisition of UK beverage can manufacturer [Rexam by the US-Ball Corporation](#), with a final decision deadline of 22 January 2016;
- the proposed acquisition of office supplies distributor [Office Depot by its competitor Staples](#), with a provisional decision deadline of 9 March 2016;
- the proposed acquisition of [BASE Belgium by Liberty Global](#), with a provisional decision deadline of 17 March 2016;
- the proposed acquisition of [Telefonica Europe by Hutchison 3G UK](#), with a provisional deadline of 22 April 2016; and
- the proposed acquisition of the Greek gas transmission system operator [DESFA by the Azeri state oil company SOCAR](#).

More information will be made available on the [competition](#) website, in the Commission's public [case register](#) under the case number [M.7630](#).

IP/16/28

Press contacts:

[Lucia CAUDET](#) (+32 2 295 61 82)

[Carolina LUNA GORDO](#) (+32 2 296 83 86)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)