



**Determination of the Competition Authority, dated 10<sup>th</sup> October 2005, under Section 21 of the Competition Act, 2002 in respect of Merger Notification Case No. M/05/059 - Proposed acquisition by Norfolkline Shipping B.V. of Norse Merchant Group Limited**

**Introduction**

1. On 12 September 2005, the Competition Authority (“the Authority”), in accordance with Section 18 (1) (a) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of a proposal whereby Norfolkline Shipping B.V. (“Norfolkline”) would acquire Norse Merchant Group Limited (“Norse”).

**The Parties**

2. Norfolkline, the acquirer, is a wholly-owned subsidiary of Norfolkline Shipping B.V, which, in turn, is owned by Norfolk Holdings B.V. Norfolk Holdings B.V. is wholly-owned by A.P. Møller Finance S.A. and the ultimate parent company is A.P. Møller – Mærsk A/S.
3. Norfolkline’s activities can be generally categorised as (a) passenger ferry travel and (2) door-to-door freight transport (also known as corporate<sup>1</sup>) by sea, rail and road.
4. In 2004, Norfolkline had an annual turnover of [ ] in the State and [ ] in the first six months of 2005. Norfolkline’s world-wide turnover in 2004 was [ ].
5. A.P. Møller – Mærsk A/S, the ultimate parent company of Norfolkline had a turnover within the State of [ ]<sup>2</sup> in 2004 and a world-wide turnover of €27,712 million<sup>3</sup> in 2004.
6. Norse, the target, is a privately-owned UK registered company and is primarily engaged in freight shipping. It operates, *inter alia*, several passenger ferry services into and out of the State.
7. In 2004, Norse had a worldwide turnover of €146 million and its turnover in the State for year ended 31 December 2004 was STG£30 million (€43.6 million approx.)

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<sup>1</sup> Norfolkline website at <http://www.norfolkline.com>.

<sup>2</sup> This figure includes turnover from P&O Nedlloyd.

<sup>3</sup> This figure includes turnover from P&O Nedlloyd and Maersk Data.



### **The Transaction**

8. The proposed transaction involves the acquisition by Norfolkline of the entire issued (and to be issued) share capital of Norse Merchant.
9. The proposed acquisition will also improve the services offered by Norfolkline to customers through additional vessel capacity, greater choice and value for its and other customers.

### **Analysis**

10. On request from the Authority, the Parties provided a 'matrix' (see Table 1 below) setting out the industry sectors in which the Parties are active and their respective activities therein. From Table 1 below and in accordance with the Authority's own investigation, the industry sectors in which the Parties provide services, can be collectively cited as:
  - Passenger Ferry Services;
  - Freight Ferry services;
  - Door-to-door freight services;
  - Container services (on a load on-load off ("lo-lo") basis); and
  - Deep sea containers.
11. From Table 1, the Authority refined its investigation to industry sectors in which both Parties provided services: Passenger Ferry Services and Freight Ferry Services.
12. As Table 1 demonstrates, only Norfolkline, and not Norse, is active in the provision of door-to-door freight services and container services, with A.P. Møller – Mærsk A/S (the ultimate parent company of Norfolkline) active in the provision of deep sea container services.



**Table 1 – Industry sectors and Activities of Norfolkline and Norse.**

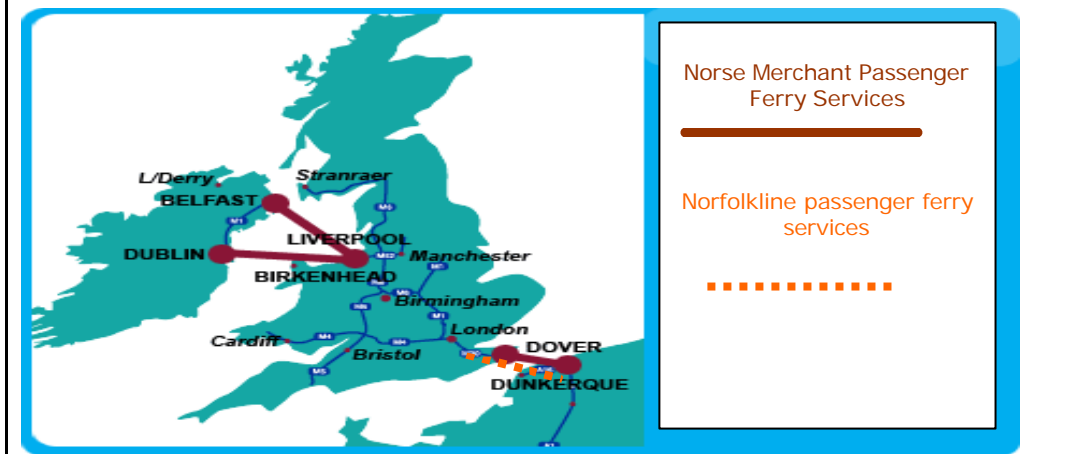
Industry Sector ( <i>Non Irish services in Italics</i> )	Company Name		
<b>Freight Ferry Services</b>	<b>NMG</b>	<b>Norfolkline</b>	<b>A.P. Møller - Mærsk A/S</b>
Dublin/Heysham	X		
Dublin/ Birkenhead	X		
Belfast/ Birkenhead	X		
Belfast/Heysham	X		
<i>Scheveningen/Felixstowe</i>		X	
<i>Esbjerg/Immingham</i>		X	
<i>Esberg/Harwich</i>		X	
<b>Passenger Ferry Services</b>			
Dublin/Birkenhead	X		
Belfast/Birkenhead	X		
<i>Dunkerque/Dover</i>		X	
<b>Door-to-door Freight Services</b>			
Island of Ireland/Great Britain		X	
<b>Container Services ("Lo/Lo")</b>			
Waterford/Rotterdam		X	
Drogheda/Rotterdam		X	
Dublin/Rotterdam		X	
<b>Deep Sea Containers</b>			
Global			X

### ***Passenger Ferry Services***

13. Both Norfolkline and Norse are active in the provision of passenger ferry services. As indicated in Table 1, however, Norse operates passenger ferry services between Dublin and Birkenhead and Belfast and Birkenhead while Norfolkline does not operate any passenger ferry service out of/into the State, providing for a passenger ferry service between Dover and Dunkerque only. This is shown in Fig 1. below.



**Fig. 1 - Overview of Parties Passenger Ferry Services**



14. Consequently there is no overlap in the Parties' activities in the passenger ferry services industry sector

### **Freight Ferry Services**

15. Both Norfolkline and Norse are active in the provision of freight ferry services.

16. Only Norse, however, provides freight ferry services into and out of the State: (1) Dublin – Birkenhead; (2) Dublin – Heysham; (3) Belfast – Birkenhead; and (4) Belfast – Heysham.

17. Norfolkline does not provide freight ferry services into or out of the State but operates three freight ferry routes between the UK and Europe: (1) Scheveningen/ Felixstowe; (2) Esbjerg/ Immingham; and (3) Esberg/Harwich.

18. There is no horizontal overlap in the Parties' activities in the provision of freight ferry services.

19. The Authority also considered whether there were any vertical areas of overlap between the Parties' freight ferry services. Norfolkline uses all roll-on/roll-off ferry routes crossing the Irish Sea in order to provide its freight ferry services. In respect of some of the routes used by Norfolkline to carry out its freight ferry services, Norfolkline is a customer of Norse but also uses Norse's competitors such as Stena and P&O Ferries. On an annual basis, Norfolkline transports [ ] units of freight to be transported on roll-on/roll-off ferries. Of those [ ] units, Norse carries [ ] units.

20. Post-acquisition, Norfolkline intends to continue to use all freight ferry service providers on the Irish Sea.



**The Competition Authority**  
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21. The Authority has concluded that while there is a vertical overlap in the activities of the Parties in respect of freight ferry services, post-acquisition, this will not amount to a substantial lessening of competition.
22. The proposed acquisition does not raise competition concerns.



**The Competition Authority**  
An tÚdarás Iomaíochta

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Norfolkline Shipping B.V. of Norse Merchant Group Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Edward Henneberry**

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Member of the Competition Authority