



DETERMINATION OF MERGER NOTIFICATION M/19/033 – CDC/LA POSTE

Section 21 of the Competition Act 2002

Proposed acquisition by Caisse des Dépôts et Consignations of sole control of La Poste S.A. and CNP Assurances S.A.

Dated 18 December 2019

Introduction

1. On 8 November 2019, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Caisse des Dépôts et Consignations (“CDC”) would acquire sole control of La Poste S.A. (“La Poste”) and, indirectly through La Banque Postale (a wholly-owned subsidiary of La Poste), sole control of CNP Assurances S.A. (“CNP”) (the “Proposed Transaction”).

The Proposed Transaction

2. On 31 July 2019, CDC, La Poste, La Banque Postale (“LBP”), and the French State signed a *Protocole d’Accord* (the “Protocol Agreement”), whereby the parties to the Protocol Agreement agreed on the steps of the Proposed Transaction. A copy of the Protocol Agreement and an English translation of it were provided to the Commission with the notification. The Commission understands that the Protocol Agreement does not itself put the Proposed Transaction into effect and that the parties to it intend to enter into various transaction documents for the purpose of implementing the Proposed Transaction. Nonetheless, the Commission considers that the undertakings involved have demonstrated to the Commission a good faith intention to conclude an agreement for the purposes of section 18(1A)(b)(ii) of the Act.
3. The French State and CDC currently own 73.68% and 26.32%, respectively, of the share capital of La Poste. While the French State owns the majority of voting rights in La Poste, CDC holds veto rights allowing it to block decisions regarding the adoption of the budget and business plan of La Poste. The parties have informed the Commission that CDC and the French State currently exercise joint control over La Poste.
4. The share capital of CNP is currently held by: (i) CDC (which holds [...]%), (ii) Sopassure (a joint venture between LBP and Groupe BPCE (“BCPE”)) (which holds [...]%), (iii) the public (which collectively hold [...]%) and (iv) the French State (which holds [...]%). The parties have informed the Commission that CNP is currently not controlled by any undertaking since no shareholder currently owns the majority of the share capital and



voting rights in CNP and no shareholder holds any veto rights that would confer control over CNP.

5. In the notification, the parties provided the Commission with a detailed description of the steps that would be undertaken for the purpose of implementing the Proposed Transaction. The Commission understands from the notification that there are four main steps in the Proposed Transaction, as follows:
 - [...]
 - [...]
 - [...]
 - [...]
6. Following completion of the Proposed Transaction, CDC will own 66% of the share capital of La Poste with the remaining 34% being held by the French State. The parties have informed the Commission that, following completion of the Proposed Transaction, CDC will exercise sole control over La Poste.
7. Following completion of the Proposed Transaction, CDC will also hold, through La Poste and its wholly-owned subsidiary LBP, 62.13% of the share capital and [...] % of the voting rights of CNP. The parties have informed the Commission that, following completion of the Proposed Transaction, CDC will exercise sole control over CNP.

The Undertakings Involved

The Acquirer

CDC

8. CDC is a French public financial institution, established by statute, which makes investments worldwide. CDC is controlled by a supervisory commission directed and administered by a director-general appointed by the President of France.
9. The following companies owned by CDC are currently active in the State:

| Company owned by CDC | Business Activities |
|---|--|
| Egis Projects Ireland Limited Egis Lagan Services Unlimited Company Egis Lagan Holdings Unlimited Company | Transport infrastructure, including the operation of tolls on motorways. |



| | |
|--|---|
| Egis Lagan Services Limerick Limited Egis Road & Tunnel Operation Ireland Limited Midlink M7/M8 Limited Northlink M1 Limited Southlink N25 Limited Easytrip Services Ireland Limited Road Safety Operations Ireland Unlimited Company Its Road Services Limited | |
| Transdev Dublin Light Rail Limited Transdev Ireland Bus Limited Transdev Ireland Limited | Operation and management of the Luas light rail tram system in Co. Dublin. |
| STMicroelectronics N.V. | Manufacture of semiconductor integrated circuits and devices. |
| CMA CGM Ireland Limited (“CMA”) | Container line shipping and port terminal management, including reefer cargo (i.e., refrigerated goods) shipping. |
| Novarc S.A. | Manufacture of security equipment for the operation of power lines. |
| Invicta Group SASU | Manufacture of wood heating systems. |
| Biscuit International SAS | Manufacture of private label biscuits. |
| IMV Technologies | Reproductive and artificial insemination technology. |
| Vulcanic S.A. | Manufacture of electric heating and cooling solutions. |

10. For the financial year ending 31 December 2018, CDC’s worldwide turnover (including all of its subsidiaries except La Poste) was approximately €[...], of which approximately €[...] million was generated in the State.

The Target Entities

La Poste



11. La Poste is the parent company of Groupe La Poste (“GPL”), which is active in the postal services, digital and banking sectors. La Poste’s activities in the State consist of the invoicing of terminal dues to the local postal operator for the distribution in France of mail collected in the State. GPL is active in the State through the following companies:

| Company owned by GPL | Business Activities |
|--|---|
| Asendia UK Limited Asendia Singapore Pte Limited Asendia USA Inc. Asendia Norway Asendia Spain Asendia Hong Kong | Delivery of small parcels and distribution of mail and press. |
| US Direct eCommerce Limited | E-commerce logistics. |
| MediaPost Spain SL | Marketing and promotion. |
| Viapost LLC ¹ | E-commerce logistics. |
| Geopost Ireland Limited DPD Ireland Limited Chronopost SA DPD Croatia DPD Deutschland GmbH DPD Group UK Limited DPD Local UK Ltd DPD Belgium NV DPD France SAS DPD Hungaria kft | Parcel distribution. |

¹ The notifying parties state in the notification that Viapost is currently being divested by La Poste and that this will be completed prior to the completion of the Proposed Transaction.



| | |
|--|--|
| DPD Latvija SIA DPD Lietuva UAB DPD Luxembourg DPD Netherlands BV DPD Polska DPD Laser DPD Slovenia ACP Global Forwarding CI Portugal | |
| Tigers Logistics Group Limited (“Tigers”) Tigers Global Logistics Limited Tigers HK Co Limited Tigers Intern. Logistics BV Tigers Intern. Transport BV WDM (WA) Pty Ltd LWW South Africa | Freight forwarding services. |
| Biocair International Limited | Transport of pharmaceutical products. |
| Isoskele SASU | The development of driving techniques for self-driving vehicles. |

12. For the financial year ending 31 December 2018, La Poste’s worldwide turnover was approximately €24.7 billion, of which approximately €[...] was generated in the State.

CNP

13. CNP is active in the provision of a variety of insurance products (primarily life and health insurance) to customers located worldwide. CNP owns four subsidiaries incorporated in the State: CNP Europe Life Designated Activity Company; CNP Santander Insurance Europe Designated Activity Company; CNP Santander Insurance Life Designated Activity Company and CNP Santander Insurance Services Ireland Limited. However, neither CNP nor its subsidiaries make any sales within the State, nor do they generate any turnover in the State.²

² CNP’s subsidiaries located in the State sell insurance products outside the State.



Rationale for the Proposed Transaction

14. The parties state the following in the notification:

“The Proposed Transaction is part of a larger project first announced by the French State on 30 August 2018. This project consists in the creation of a large public bancassurance centre focussed around CDC and La Poste.”

Third Party Submissions

15. No submission was received.

Competitive Analysis

Horizontal Overlap

16. There is a horizontal overlap between the notifying parties’ activities in the State since both CMA (owned by CDC) and Tigers (owned by La Poste) are active in the provision of freight forwarding services by air.³

Market Definition

17. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case.
18. With respect to the relevant product market, the European Commission has in previous merger decisions defined freight forwarding as: *“the organisation of transportation of items (possibly including activities such as customs clearance, warehousing, ground services, etc.) on behalf of customers according to their needs.”*⁴ The European Commission has defined separate markets for (i) domestic and cross-border freight forwarding and (ii) freight forwarding by air, by land and by sea.⁵
19. The Commission does not need to come to a definitive view on the precise relevant market definition in this instance since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the relevant market is defined narrowly (e.g., freight forwarding by air, by land or by sea) or more broadly to encompass all freight forwarding services. For the purposes of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed its impact by reference to the narrowest potential product market, i.e., the provision of freight forwarding services by air.
20. With respect to the relevant geographic market, the European Commission has defined the market for freight forwarding as either national or wider. For the purposes of assessing whether the Proposed Transaction might result in a substantial lessening of

³ Tigers did not generate any turnover in the State in 2018 from the provision of freight forwarding services by sea or by land.

⁴ See, for example, *M.7268 – CSAV/HGV/Kuhne Maritime/Hapag-Lloyd* (2014), paragraph 37, which is available at https://ec.europa.eu/competition/mergers/cases/decisions/m7268_1503_2.pdf

⁵ See, for example, *M.5480 – Deutsche Bahn/PCC Logistics* (2009), paragraph 12, which is available at https://ec.europa.eu/competition/mergers/cases/decisions/m5480_20090612_20310_en.pdf



competition, the Commission has analysed its impact by reference to the narrowest potential geographic market, i.e., the State.

Competitive Assessment

21. CMA generated turnover of approximately €[...] from the provision of freight forwarding services in the State in 2018.⁶ Approximately €[...] of its turnover was generated from the provision of freight forwarding services by air.
22. Despite not having a physical presence in the State, Tigers generated turnover of approximately €[...] from the provision of freight forwarding services by air in the State in 2018.⁷
23. The Commission considers that the Proposed Transaction raises no horizontal competition concerns in the State for the reasons set out in the paragraphs below.
24. First, Tigers has no physical presence in the State and generated minimal turnover from the provision of freight forwarding services by air in the State in 2018. The notifying parties provided estimates to the Commission of the respective shares of CMA and Tigers in the potential market for the provision of freight forwarding services in the State in 2018.⁸ CMA estimates its share of this potential market to be [0-5]%, while Tigers estimates its share of this potential market to be less than [0-5]%. The notifying parties did not provide to the Commission estimates of the respective shares of CMA and Tigers in the narrower potential market for the provision of freight forwarding services by air in the State in 2018. However, given the very small level of turnover generated by Tigers in the State in 2018 from freight forwarding by air, it is highly likely that Tigers also has a negligible share of the potential market for the provision of freight forwarding services by air in the State. On this basis, the Commission considers that the Proposed Transaction is likely to lead to a minimal increase in CDC's pre-existing share of this potential market in the State.
25. Second, following implementation of the Proposed Transaction, there will remain a large number of companies active in the provision of freight forwarding services by air in the State, which will act as a competitive constraint on CDC (which will own CMA and Tigers). These companies include Kuehne + Nagel (Ireland) Limited, DHL Global Forwarding (Ireland) Limited, Schenker (Ireland) Limited, Expeditors (Ireland) Limited and DSV Air and Sea Limited.
26. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the potential market for the provision of freight forwarding services by air in the State.

Vertical Issues

⁶ Of this total turnover figure in the State in 2018, approximately €[...] was generated from the provision of freight forwarding services by sea with the remaining €[...] generated from the provision of freight forwarding services by land and by air.

⁷ The notifying parties informed the Commission that the vast majority of the turnover generated by Tigers in the State in 2018 was derived from foreign-to-foreign international freight forwarding services provided outside of the State (primarily in the Netherlands, the United Kingdom and Hong Kong) to customers located in the State.

⁸ These share estimates relate to the provision of freight forwarding services by air, by land and by sea.



27. CMA is active in the provision of container liner shipping services in the State, which involves the provision of regular, scheduled services for the carriage of cargo by container. Freight forwarders by sea are customers of container liner shipping companies. Since, as noted above, Tigers is not active in the provision of freight forwarding services by sea in the State, there is no vertical relationship between the business activities of CMA and Tigers in the State. In light of this, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

28. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.



Ancillary Restraints

29. No ancillary restraints were notified.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Caisse des Dépôts et Consignations would acquire sole control of La Poste S.A. and would acquire, indirectly through La Banque Postale, sole control of CNP Assurances S.A. will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission