

DETERMINATION OF MERGER NOTIFICATION M/23/052 – NPP PACKAGING/WRAPTITE

Section 21 of the Competition Act 2002

Proposed acquisition by NPP Packaging Systems Holdings Limited of sole control of Wraptite Packaging Limited.

Dated: 15 November 2023

Introduction

1. On 5 October 2023, 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 acquisition whereby NPP Packaging Systems Holdings Limited (“NPP Packaging”) would acquire the entire issued share capital, and, thus, sole control of Wraptite Packaging Limited (“Wraptite”) (the “Proposed Transaction”).¹

The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a share purchase agreement (the “SPA”) dated 31 August 2023 between the two Directors and shareholders of Wraptite, Paul Smith and Jeff Dunne (together the “Vendors”), and NPP Packaging (the “Purchaser”). Pursuant to the SPA, NPP Packaging will acquire the entire issued share capital and thus, sole control of Wraptite.

The Undertakings Involved

The Acquirer - NPP Packaging

3. NPP Packaging supplies flexible packaging materials and products² including polythene films, flexible intermediate bulk containers (“FIBCs”), corrugated boxed, pallet covers, strapping,

¹ NPP Packaging and Wraptite are together referred to as the “Parties” in this Determination.

² Flexible packaging was defined by the Parties as “a product that can be easily folded or “scrunched up” and subsequently when closed its shape can be easily changed”. The European Commission has defined flexible packaging. For instance, in M2441 - Amcor/Danisco/Ahlstrom: “Flexible packaging involves the manufacture, supply and conversion of plastic and

polythene bags, bubble wrap, shrink bag, and machine servicing to end users across multiple industries such as animal feed producers and suppliers, food ingredient producers, and drinks producers.

4. For the financial year ending 31 December 2022, NPP Packaging's worldwide turnover was approximately €[...], €[...] of which was generated in the State.³

The Target - Wraptite

5. Wraptite was established in 2002 and distributes industrial packaging materials in the island of Ireland. Wraptite's product offerings include stretchfilm, shrinkfilm, pallet covers, packing & poly tapes, machinery servicing, corrugated boxes, strapping, FIBC's, polyolefin film, bubble wrap, builders film, and edge boards to end users across multiple industries, such as food distributors, retail, storage and distribution companies, pharmaceutical companies, and bakeries.
6. Wraptite has a particular focus on industrial stretchfilm, which is manufactured from low (linear low) density polythene ("LLDPE").
7. For the financial year ending 28 February 2023, Wraptite's worldwide turnover was approximately €[...], €[...] of which was generated in the State.

Rationale for the Proposed Transaction

8. The Parties state the following in the notification:

"The commercial objectives sought to be achieved are primarily for NPP to consolidate its already established position within the relevant market, and to further widen its offering of flexible packaging products and materials, specifically with regards to Stretchfilm. NPP is seeking to develop a high-end range with more technical films that

cellulose films, aluminium foils and papers into reels of packaging to be used for primary retail food packaging and labelling and certain other non-food sectors" COMP/M.2441 - Amcor/Danisco/Ahlstrom, decision of 16 June 2001, paragraph 8. Further, the European Commission stated that "Flexible packaging excludes shrink and stretch films used for secondary packaging, pallet wrap, carrier bags, supermarket self-service and counter bags, silage bags, refuse sacks, and industrial heavy duty sacks."

³ Food Processing Technology Irl Limited ("FPT") was acquired by NPP on 8 June 2023. FPT had not been acquired by NPP Packaging on 31 December 2022 and as such FPT's turnover is not included in the 2022 turnover figures for NPP Packaging.

reduce customer spend and usage, therefore reducing the volume of plastic placed in the market.”

Market Enquiries

9. As part of its review of the Proposed Transaction, the Commission held calls with third parties (the “Third Party Calls”). These stakeholders were:

- Zeus Packaging Limited (“Zeus Packaging”);
- William Connolly & Sons Unlimited Company (“Red Mills”);
- Aldi Stores (Ireland) Limited (“Aldi”); and
- Birds Eye Ireland Limited (“Birds Eye”).

Third-Party Submissions

10. No third-party submissions were received.

Competitive Analysis

Horizontal overlap

11. There is a horizontal overlap between the Parties in respect of the manufacture and supply of various non-flexible and flexible packaging products in the State, in particular the manufacture and supply of stretchfilm in the State.

Relevant Markets

Product Market

12. Both NPP Packaging and Wraptite are active in the manufacture and supply of flexible and non-flexible packaging in the State, in particular the manufacture and supply of stretchfilm in the State (see Table 1 below). The Commission has previously considered the manufacture and supply of flexible packaging as well as narrower markets based on the supply of specific packaging products.

Table 1: The Parties’ product offerings

	NPP Packaging	Wraptite	Overlap	Flexible packaging	Non-flexible packaging

Plain shrinkfilm	X	X	Yes	Yes	
Stretchfilm	X	X	Yes	Yes	
Plain single wound sheeting	X		No		
Printed form, fill & seal film	X		No		
Printed shrinkfilm	X		No		
HDPE Film	X		No		
Plain form fill & seal film	X		No		
BOPP film	X		No		
Polyolefin film	X	X	Yes	Yes	
Lamination film	X		No		
Skin film	X		No		
Barrier film	X		No		
Lidding film	X		No		
Bubble wrap	X	X	Yes	Yes	
FIBCS	X	X	Yes	Yes	
Unprinted polythene bags	X		No		
Polythene sacks	X		No		
Polythene liners	X		No		
Stretch hood tubing	X		No		
Polythene tubing	X		No		
Shrink bag	X		No		
Corrugated boxes	X	X	Yes		Yes
Machinery & equipment	X		No		
Vac bags	X		No		
Pallet covers	X	X	Yes	Yes	
Packing & poly tapes	X	X	Yes	Yes	
Trays	X		No		
Polythene sheets	X		No		
Strapping	X	X	Yes		Yes
Machine servicing	X	X	Yes		Yes
Polythene sleeves	X		No		
Printed polythene bags		X	No		
Builders film		X	No		
Edge boards		X	No		
Machine parts		X	No		
PVC Shrinkfilm		X	No		

Source: Information provided by the Parties in the notification

13. In *M/20/024 – Bunzl/Abco Kovex*,⁴ the Commission, while ultimately leaving the precise product market definition open, made its competitive assessment by drawing a distinction between specific packaging products, namely the supply of polythene bags.
14. In *M/18/040 – Novolex (Carlyle)/Waddington*,⁵ the Commission, while ultimately leaving the precise product market definition open, made its assessment by distinguishing between the supply of specific packaging products, namely laminated facing products, on the basis that there were differences between packaging materials, the functions of the product, the customers to whom the products were sold, and the materials from which the products were made.
15. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant product markets because, regardless of whether the potential product market is defined in broad terms (i.e. by type of packaging product) or narrow terms (i.e. by end-use application of specific packaging products), doing so will not alter the Commission's assessment of the competitive effects of the Proposed Transaction.
16. The Commission, in the course of its analysis, did not assess the Proposed Transaction by reference to the packaging market as a whole. Based on past Commission decisions, which distinguished between flexible and non-flexible (i.e. corrugated) packaging⁶, the packaging market has been defined on a wide basis as: (i) the market for flexible packaging; and (ii) the market for non-flexible packaging. The Commission has subsequently assessed each market by reference to specific packaging products within both (i) the market for flexible packaging, and (ii) the market for non-flexible packaging. The Commission has found no reason to depart from this.
17. Nonetheless, the Commission has assessed the competitive effects of the Proposed Transaction by reference to: (i) the manufacture and supply of flexible packaging; (ii) the manufacture and supply of non-flexible packaging; (iii) the manufacture and supply of stretchfilm; and (iv) the manufacture and supply of other specific packaging products in which the Parties overlap.

⁴ Determination available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2020/08/M-20-024-public-determination.pdf>.

⁵ Determination available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/05/M.18.040-Determination-.pdf>.

⁶ Eg *M/16/051 – Saica/Ridgmont/Americk*; determination available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-16-051-SAICA-Ridgmont-Americk.pdf>.

Geographic Market

18. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant geographic market because doing so will not alter the Commission's assessment of the competitive impact of the Proposed Transaction.
19. In *M/22/033 – MM/ESNT/Essentra*,⁷ and *M/20/024 – Bunzl/Abco Kovex*, while ultimately leaving the precise geographic market definition open, the Commission assessed the competitive impact of those transactions by reference to a potential geographic market of the State.
20. The Commission has, in the course of its analysis of the Proposed Transaction, found no reason to depart from its previous approach and has assessed the competitive effects of the Proposed Transaction by reference to the State.

Conclusion on relevant markets

21. For the purposes of carrying out its competitive assessment of the Proposed Transaction, the Commission has assessed the Proposed Transaction by reference to the potential relevant markets of: (i) the manufacture and supply of flexible packaging in the State; (ii) the manufacture and supply of non-flexible packaging in the State; (iii) the manufacture and supply of stretchfilm in the State; and (iv) the manufacture and supply of other specific packaging products in which the Parties overlap in the State.

Horizontal Competitive Assessment

The manufacture and supply of flexible packaging in the State

22. There is a horizontal overlap between the activities of the Parties in relation to the manufacture and supply of flexible packaging in the State. In the notification, the Parties provided share estimates for the flexible packaging market in the State based on their revenue, the overall flexible packaging market in the State and the Repak Annual General Meeting Report (the "Repak Report"⁸), as shown in Table 2 below.

⁷ Determination available at: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2022/07/M.22.033-Non-Confidential-Determination.pdf>.

⁸ Submitted as Appendix 3 to the notification.

Table 2: Market share estimates for the flexible packaging market in the State in 2022.

Company	Sales (€)	Market Share (%)
NPP Packaging	[...]	[15-20]
Wraptite	[...]	[0-5]
Combined	[...]	[15-20]
Others	[...]	[80-85]
TOTAL	[...] ⁹	100

Source: Information provided by the Parties in the notification

23. As shown in Table 2, following implementation of the Proposed Transaction, the Parties estimate that NPP Packaging would have an estimated share of [15-20]% of the manufacture and supply of flexible packaging in the State, an increment of [0-5]% on its pre-merger share of [15-20]% in the potential market for the manufacture and supply of flexible packaging in the State.
24. The Commission considers that, following the implementation of the Proposed Transaction, there will remain a number of competitors who will continue to exert a competitive constraint on NPP Packaging in the market for the manufacture and supply of flexible packaging in the State, namely Abbco, Southern Tape and Packaging, Berry Global, Zeus Packaging, Boran Packaging, Cirrus Packaging, Browe Packaging, Mopak, Active Packaging, Qualpak, DA Pack, ProAmpac, Amcor Flexibles, Sealed Air, and other small manufacturers.
25. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the manufacture and supply of flexible packaging in the State.

The manufacture and supply of non-flexible packaging in the State

26. There is a horizontal overlap between the activities of the Parties in relation to the manufacture and supply of non-flexible packaging in the State. In the notification, the Parties provided share estimates for the non-flexible packaging market in the State based on their revenue, the overall non-flexible packaging market in the State and the Repak Report, as shown in Table 3 below.

Table 3: *Estimated shares for non-flexible packaging sales in the State in 2022*

⁹ The figure of €[...] was provided by the Parties on the basis of the Repak Report.

Company	Sales in the State in 2022 (€'s)	Market Share (%)
NPP Packaging	[...]	[0-5]
Wraptite	[...]	[0-5]
Combined	[...]	[0-5]
TOTAL	[...] ¹⁰	100%

Source: Information provided by the Parties in the notification

27. As shown in Table 3 above, following the implementation of the Proposed Transaction, the Parties estimate that NPP Packaging would have an estimated [0-5]% share of the market in the manufacture and supply of non-flexible packaging in the State, a de minimis increase of approximately [0-5]% on its existing market share in the potential market for the manufacture and supply of non-flexible packaging in the State.
28. The Commission considers that, following the implementation of the Proposed Transaction, there will remain a number of competitors who will continue to exert a competitive constraint on NPP Packaging in the market for the manufacture and supply of non-flexible packaging in the State, namely Saica, Smurfit, Limerick Packaging, Cavan Box and Ace Corrugated.
29. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the manufacture and supply of non-flexible packaging in the State.

The manufacture and supply of stretchfilm in the State

30. There is a horizontal overlap between the activities of the Parties in relation to the manufacture and supply of stretchfilm in the State. In the Notification, the Parties provided share estimates for the stretchfilm market in the State based on their revenue, the overall stretchfilm market size in the State and their market knowledge, as shown in Table 4 below.

Table 4: *Estimated shares for stretchfilm in the State in 2022*

Supplier	Stretchfilm Turnover 2022 € million	Market share 2022 (%)
NPP Packaging	[...]	[10-15]
Wraptite	[...]	[15-20]
Combined	[...]	[25-35]
Abco Kovex	[...]	[30-35]
Zeus Packaging	[...]	[10-15]

¹⁰ The figure of €[...] was provided by the Parties on the basis of the Repak Report.

Mima (Ireland)	[...]	[0-5]
Others	[...]	[15-20]
TOTAL	[...] ¹¹	100

Source: Information provided by the parties in the notification

31. As shown in Table 4 above, following the implementation of the Proposed Transaction, the Parties estimate that NPP Packaging would have an estimated [25-35]% share of the market in the manufacture and supply of stretchfilm in the State, an increase of approximately [15-20]% on its existing market share in the potential market for the manufacture and supply of stretchfilm in the State.
32. The Commission notes that NPP Packaging's stretchfilm business is focused on the development of a high-end range of stretchfilm with more technical films and is predominantly aimed at customers in the food and general household sector.¹² By contrast, Wraptite's stretchfilm business is focussed on retail and packaging distributors.¹³ Accordingly, the Commission considers that NPP Packaging and Wraptite are not close competitors in the manufacture and supply of stretchfilm.
33. The Commission further considers that, following the implementation of the Proposed Transaction, there will remain a number of competitors who will continue to exert a competitive constraint on NPP Packaging in the market for the manufacture and supply of stretchfilm in the State, namely Abco Kovex, Zeus Packaging, Mima (Ireland), and a number of small manufacturers. In addition, the Commission made several market enquiries both to stretchfilm competitors of the Parties and stretchfilm customers of both Parties, none of whom raised any concerns with respect to a potential market for the manufacture and supply of stretchfilm post-implementation of the Proposed Transaction.
34. Zeus Packaging, a competitor of the Parties in stretchfilm, stated that it had no objection to NPP Packaging's proposed acquisition of Wraptite and stated that it was confident that it would be able to continue to compete with the merged entity post-Proposed Transaction. Red Mills, a stretchfilm customer of NPP Packaging, stated that there were numerous alternative suppliers from which it would be able to fulfil its stretchfilm needs. Aldi, a stretchfilm customer of Wraptite, said that it was confident that it would be able to find an alternative supplier to Wraptite with very similar terms in respect of quality and price.

¹¹ The figure of €[...] was provided by the Parties on the basis of their market knowledge.

¹² NPP supplies a number of large customers in the State including [...].

¹³ Wraptite supplies a number of large customers in the State including [...].

35. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the manufacture and supply of stretchfilm in the State.

The manufacture and supply of other specific packaging products in which the Parties overlap in the State

36. There is a horizontal overlap between the activities of the Parties in relation to the manufacture and supply of other specific packaging products in which the Parties overlap in the State, namely: shrinkfilm; printed polythene bags; pallet covers/top sheets; packing and poly tapes; machinery servicing; corrugated boxes; strapping; FIBCs, polyolefin film; and bubble wrap.
37. In the Notification, the Parties provided share estimates for the market for the manufacture and supply of other specific packaging products in which the Parties overlap in the State based on their revenue, as shown in Table 5 below.



Table 5: Market share estimates in the potential markets for the supply of other flexible packaging and non-flexible packaging in the State.

Product	NPP Packaging – Market share in the State in 2022 (%)	Wraptite –Market Share in the State in 2022 (%)	Competitors	Combined – Market Share Post-Transaction	HHI Delta
Shrinkfilm	[10-15]%	[0-5]%	Western Plastics, Boran Packaging, Browe Packaging, Mopak	[10-20]%	60
Printed Polythene Bags	[15-20]%	[0-5]%	Zeus Packaging, Boran Packaging, Cirrus Plastics, Browe Packaging, Mopak, Martin Packaging, DL Packaging, Ventamac, McFarlane Packaging	[15-25]%	72
Pallet Covers / Top Sheets	[5-10]%	[5-10]%	Abbco, Cirrus Plastics, Browe Packaging	[10-20]%	112
Packing and Poly Tapes	[0-5]%	[0-5]%	Southern Tape and Packaging	[0-10]%	16
Machinery Servicing	[0-5]%	[0-5]%	Abbco, Southern Tape and Packaging	[0-10]%	4
Corrugated Boxes	[0-5]%	[0-5]%	Saica, Smurfit, Limerick Packaging, Cavan Box, Ace Corrugated	[0-10]%	<2
Strapping	[10-15]%	[0-5]%	Abbco, Signode, Martin Packaging, DL Packaging, Hub Packaging, McFarlane Packaging	[10-20]%	22
FIBCs	[20-25]%	[0-5]%	Grief, Thrace, LC Packaging, JW Martin	[20-30]%	

Source: Information provided by the Parties in the notification and in response to informal requests for information.

38. Table 5 above shows estimates of the market shares in these potential relevant markets for the supply of other flexible packaging and non-flexible packaging in the State. These shares are such that, following the implementation of the Proposed Transaction, the change in HHIs are of levels such that the CCPC, per paragraph 3.10 of its Guidelines On Merger Analysis,¹⁴ can find that the Proposed Transaction is unlikely to cause concern. Following the implementation of the Proposed Transaction, there will remain a number of competitors who will continue to exert a competitive constraint on NPP Packaging in respect of each of these products, as outlined in Table 5. Based on this, accordingly, the Commission considers that, following the implementation of the Proposed Transaction, there will remain a number of competitors who will continue to exert a competitive constraint on NPP Packaging in the markets for the other specific packaging products in which the Parties overlap in the State outlined above in Table 5.
39. The Parties were unable to provide market share estimates for themselves or their competitors in respect of two products in which the Parties overlap: polyolefin film and bubble wrap. The Parties submitted that this is a result of the fact that polyolefin film and bubble wrap are ancillary products for both Parties; comprising, respectively, [0-5]% and [0-5]% of NPP Packaging's turnover, and [0-5]% and [0-5]% of Wraptite's turnover. Further, the Parties noted that, in any event, their turnover in respect of polyolefin film and bubble wrap is minor (NPP Packaging's turnovers are €[...] and €[...] respectively, and Wraptite's turnovers are €[...] and €[...], respectively).
40. The Commission further notes that there are numerous competitors in a potential market for both polyolefin film and bubble wrap. Maxpack, NJB, 3M, Atlas Copco, Arco Ireland, and Hunt Office are active in the supply of polyolefin film in the State, while Qualpack (which describes itself as the "*largest producer of bubble wrap in Ireland*"),¹⁵ MacFarlane Packaging, Packaging Direct, Alliance Packaging, Movers and Makers, Box Depot, and RS Ireland are all active in the supply of bubble wrap in the State.
41. The Commission is of the view that the low turnover of the Parties in respect of these products (and, accordingly, their likely low positive share increments post-Proposed Transaction), in addition to the large number of competitors also active in the supply of these products, means

¹⁴ <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/CCPC-Merger-Guidelines.pdf>.

¹⁵ Qualpack, About Us, available at: <https://www.qualpack.net/about-us/#:~:text=Qualpack%20is%20the%20Largest%20producer,Anti%2DStatic%20and%20Bubble%20Bags>.

that the Proposed Transaction is unlikely to raise any horizontal competition concerns in respect of the manufacture and supply of polyolefin film and bubble wrap.

42. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the other specific packaging products in which the Parties overlap in the State.

Vertical Overlap

43. The Parties state in the notification that there is no vertical relationship between NPP Packaging and Wraptite in the State. The Commission has not identified any actual or potential vertical relationship between the Parties in the State. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion of Competitive Analysis

44. 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

45. Clause 8.1.1 and Clause 8.1.2 of the SPA impose non-compete obligations on the Sellers. The Commission notes that these obligations are limited in scope and do not exceed the maximum duration acceptable to the Commission.¹⁶ Therefore, the Commission considers Clause 8.1.1 and Clause 8.1.2 of the SPA to be directly related to and necessary for the implementation of the Proposed Transaction, in so far as they relate to the State.

¹⁶ In this respect, the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” [2005] OJ C56/24, available at [c_05620050305en00240031.pdf](https://eur-lex.europa.eu/eli/reg/2005/60/2005050305en00240031.pdf) (europa.eu)



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 NPP Packaging Systems Holdings Limited would acquire the entire issued share capital, and, thus, sole control of Wraptite Packaging Limited, 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.

Úna Butler

Member

Competition and Consumer Protection Commission