JOINT VENTURES (POSTAL SERVICES): THE POST OFFICES CASE

Subject: Joint ventures
Dominant position

Industry: Postal services

Parties: The Post Office (UK)
TNT Post Group NV (Netherlands)
Singapore Post Private Ltd
Delta
NewCo

Source: Commission Statement IP/00/1317, dated 16 November 2000

(Note. Once again, the Commission is keeping a sharp eye on the activities of the "public postal operators" in the Member States; in this instance, with special reference to outbound cross-border mail services. Post Offices are in a strong position to exercise a dominant position on the market; and the Commission is right to look closely at what is planned. This does not mean, however, that the proposed joint ventures will be prohibited: the in-depth investigation will not be concluded until early in the new year.)

The Commission has opened an in-depth investigation into the proposed creation of two global joint ventures for international mail by The Post Office (TPO) of Britain, TNT Post Group NV (TPG) of the Netherlands, and Singapore Post Private Limited (SPPL). The Commission considers that one of the ventures named Delta raises serious doubts since it may lead to a significant reinforcement of the market positions of the incumbent Public Postal Operators (PPOs) in the Netherlands and in the UK markets for outbound cross-border mail.

TPO, TPG and SPPL are the national postal operators in their respective home countries and provide a full range of postal services including outbound cross-border mail services, or outgoing international mail. TPO, TPG and SPPL intend to set up two joint ventures: Delta and NewCo, which will be active in the provision of outbound cross-border mail services for business customers and to a limited extent outbound cross-border parcel services. Delta will be active world-wide with the exception of the Asia Pacific region, which will be covered by NewCo.

The Commission has serious concerns that the operation could lead to the creation or a strengthening of a dominant position on the outbound cross-border mail market in the United Kingdom and in the Netherlands.
Delta will provide services to business customers. Both TPG and TPO will remain active in the provision of these services in addition to Delta in their respective home countries. In those countries the combined market shares of the

incumbent PPOs together with the joint venture will be at least ten times higher than that of the next largest competitor. Furthermore, in both the United Kingdom and the Netherlands an important active competitor would be removed through the transaction.

There are also risks that the operation could have adverse vertical effects in the United Kingdom and in the Netherlands, that may have the effect of foreclosure. In addition to PPOs, consolidators also offer outbound cross-border business mail services. Consolidators collect and group outbound cross-border mail to a specific destination and subsequently negotiate a special rate with the public postal operators with whom they choose to co-operate in order to distribute the "consolidated" mail in the country of destination. Through the transaction one of the main PPOs available to consolidators in the United Kingdom an in the Netherlands would be removed. ■

Motor Vehicle Distribution

The Commission has adopted an evaluation report on Regulation 1475/95 on motor vehicle distribution and servicing agreements; the Regulation lays down specific competition rules for this particular sector. The report is a factual analysis of the current regime of block exemption from the normal rules which vehicle manufacturers can use as a binding framework for their distribution systems. The report does not contain any proposals for the future. It analyses in particular whether or not the assumptions on which the Regulation is based are still valid and whether the objectives that it pursues have been met. Interested third parties who wish to comment on the report should do so before 16 January 2001. A hearing will be organised in February 2001.

The report comes to the conclusion that the block exemption has not achieved part of the aims stated by the Commission in 1995 when it renewed its permission to use selective distribution networks for the sale of motor cars. Consumers in particular do not seem to derive from this distribution system the fair share of the benefits of the creation of a European single market in 1993. Before the end of the year 2001, the Commission intends to publish proposals for the new motor vehicle distribution and servicing regime that will be applicable after Regulation 1475/95 expires on 30 September 2002. The proposals will take into account comments received from interested parties and views aired at the hearing. The new framework will be decided by the Commission in the first half of the year 2002 at the latest.

The evaluation report on Regulation 1475/95 had to be drawn up by the Commission by 31 December 2000 pursuant to Article 11(3) of the Regulation. The report is based on these replies to questionnaires, recent studies on the motor vehicle industry and motor vehicle distribution, the Commission's biannual car price report and the Commission's own experience in dealing with competition issues within the motor vehicle industry. The report is published on the Internet under http://europa.eu.int/comm/competition/car_sector/