EU Merger Control: Key Features

The A&L Goodbody EU, Competition and Procurement Group is widely recognised as the leader in its field in Ireland and has been ranked among the top 100 competition law practices worldwide. Our Group is at the forefront of competition law practice in Ireland and has been involved in numerous merger notifications to the European Commission.

What types of transactions must be notified to the European Commission (Commission) under the EU Merger Regulation (EUMR)?

Any concentration that has an “EU dimension” must be notified to the Commission. A concentration is: (i) a merger; (ii) the acquisition of direct or indirect control of the whole or part of an undertaking; or (iii) a full function joint venture. Control of an undertaking is defined under the EUMR as “the possibility of exercising decisive influence on an undertaking”, and it can be held solely or jointly.

When does a concentration have an "EU dimension"?

Turnover tests are applied to establish whether a concentration has an EU dimension. See the flowcharts over the page for the turnover tests. Generally, if a proposed transaction has an EU dimension, it must be notified to the Commission only and not to national EU Member State competition authorities.

A concentration that does not have an EU dimension may nonetheless be notifiable in individual Member States under national merger control regimes, for example to the Irish Competition Authority or the Office of Fair Trading in the UK.

When and by whom must a proposed transaction be notified under the EUMR and what are the consequences of implementing the transaction before clearance?

Concentrations must be notified following conclusion of the relevant agreement, announcement of the public bid or acquisition of the controlling interest. A notification must be made prior to implementation of the proposed transaction. Generally the notification is made by the party or parties that will acquire control following the proposed transaction. Implementing a concentration that has an EU dimension without clearance by the Commission can lead to significant fines.

What decisions do the Commission make on a notified merger?

There can be two phases of analysis by the Commission. The majority of concentrations notified are cleared after Phase I. During Phase I, the Commission investigates the proposed transaction and decides either to clear it (possibly on the basis of commitments) or refer it to a more in-depth Phase II assessment. After Phase II, the Commission may clear the proposed transaction, clear it with conditions imposed or prohibit it.

What kind of commitments might be offered to or required by the Commission in order for a transaction to be cleared?

If the Commission has concerns about the effect a proposed transaction may have on competition, it may nonetheless approve the transaction provided the parties undertake to take steps to minimise the risk of impeding competition. Conditions imposed on clearance may include the divestment of certain businesses following completion, the ring-fencing or restructure of certain parts of the business or other commitments regarding future conduct.

What substantive test is applied by the Commission in assessing a notified merger?

The Commission will assess the proposed transaction to determine whether it would substantially impede effective competition in the internal market or in a substantial part of it.

What is the timing for the assessment of notified mergers? (See flowchart overleaf)

Phase I takes 25 working days (or 35 working days where commitments are offered to the Commission). Phase II takes up to 90 working days (which can be extended to 105 working days if remedies are offered to the Commission after the 55th working day).
Is a notification to the European Commission required?
If there is a proposed (i) merger, (ii) acquisition of direct/indirect control of whole or part of an undertaking or (iii) full function joint venture, the following tests are applied to establish whether it has an EU dimension.

1. Do the undertakings concerned (excluding the seller) have a combined aggregate worldwide turnover of over €5 billion?
   - **NO**
   - **YES**

2. Is the combined aggregate turnover of all the undertakings concerned in each of at least 3 Member States over €100 million?
   - **NO**
   - **YES**

3. In each of those 3 Member States at least, is the aggregate turnover of each of at least 2 of the undertakings concerned over €25 million?
   - **NO**
   - **YES**

4. Is the aggregate EU-wide turnover of each of at least 2 of the undertakings concerned over €100 million?
   - **NO**
   - **YES**

5. Does each of the undertakings concerned achieve more than two-thirds of its aggregate EU-wide turnover within one & the same Member State?
   - **NO**
   - **YES**

**Notification to the Commission is required**

**Notification to the Commission is NOT required**

How does a notification to the European Commission operate?

- Informal pre-notification contact with the Commission, in advance of formal notification
- Agreement concluded / Public bid announced / controlling interest acquired
- Notification made to the Commission of Form CO without delay
- Phase I - the Commission investigates the proposal and takes up to 25 working days to reach a decision. Third Parties may make submissions at this stage or during Phase II
- If the Commission is not happy to clear the transaction after the Phase I investigation, it opens Phase II. Phase II takes up to 90 working days* 

**Transaction cleared**
Clearance may be subject to conditions

**Transaction prohibited**
Parties may not proceed

Discussion are encouraged and are confidential

Usually includes submission of draft notification form

Note however that there must usually be no implementation before clearance by the Commission

Phase I may take up to 35 working days if commitments are offered

*Phase II may be extended to up to 105 working days if remedies are offered after the 55th working day. In some circumstances it may also be extended by agreement with the Commission or on request of the parties.
Selected Irish-related merger cases assessed by the European Commission

- **Centrica / Bord Gáis Energy (2014)** – The acquisition by Centrica, a UK energy company, of Bord Gáis Energy, the supply and thermal generation business in Ireland of Bord Gáis Eireann, an Irish commercial majority State-owned undertaking, was approved by the Commission.

- **Hutchison 3G UK / Telefónica Ireland (2014)** – Following a Phase II investigation, the acquisition of Telefónica Ireland by Hutchison 3G was approved by the Commission, conditional upon a commitments package aimed at ensuring the short-term entry of two mobile virtual network operators (MVNOs) and Eircom remaining a competitive mobile network operator in Ireland.


- **Apollo / Ulster Bank / Arnotts (2014)** – The acquisition of joint control by affiliates of Apollo and Ulster Bank Ireland of Arnotts was approved by the Commission.

- **Canada Life / Irish Life (2013)** – The Commission approved the acquisition by Canada Life, ultimately controlled by Power Corporation of Canada, of Irish Life from the Minister for Finance of Ireland.

- **Ryanair / Aer Lingus (2013)** – The Commission, following a Phase II investigation, prohibited Ryanair’s proposed takeover of Aer Lingus. The Commission concluded that the takeover would have harmed consumers by creating a monopoly or a dominant position on over forty routes where the two companies currently compete vigorously. This followed a previous prohibition by the Commission of a proposed takeover by Ryanair of Aer Lingus in 2007.

- **Eaton Corporation / Cooper Industries (2012)** – The Commission approved the acquisition of Irish electrical company Cooper Industries by rival Eaton.

- **SCA / Georgia-Pacific Europe (2012)** – The Commission approved, with conditions, the acquisition of Georgia-Pacific’s European tissue business by Swedish competitor SCA. Conditions imposed by the Commission included the disposal of certain business activities in Ireland and elsewhere.


- **News Corp / BskyB (2010)** – The Commission approved the acquisition of British and Irish pay TV operator BskyB by News Corporation, a US headquartered global media and communications company.

- **Topaz / Shell Aviation Ireland (2010)** – The Commission approved the acquisition by Irish oil company Topaz of a controlling stake in Shell Aviation Ireland.

- **Anglo Irish Bank and RBS / Arnotts (2010)** – The Commission approved the acquisition of joint control of Arnotts by Anglo Irish Bank and RBS.

- **Heineken / Scottish & Newcastle (2008)** – The Commission referred the part of the acquisition relating to Irish assets (Beamish & Crawford) back to the Irish Competition Authority, which subsequently cleared it. This has been the only reference back to the Irish Competition Authority under the EUMR.

- **Total Produce / Haluco (2008)** – The Commission cleared the acquisition of joint control by the Irish Total Produce plc and Haluco Beheer BV over TP Haluco, a Dutch fruit and vegetable importer and wholesaler.

- **First Data Corporation / AIB (2008)** – The Commission cleared a joint venture for payment card services between First Data Corporation and AIB.

- **TUI/First Choice (2007)** – The Commission approved the acquisition of First Choice, a UK travel services company, by TUI, parent of the German TUI group, active in tourism and shipping services. The Commission’s decision was conditional on TUI disposing its Irish business, operating under the ‘Budget Travel’ brand.

- **Aviva / Ark Life (2006)** – The acquisition by Aviva of sole control of Ark Life was approved by the Commission.


- **Reckitt Benckiser/ Boots Healthcare International (2006)** – The Commission approved the acquisition of BHI by Reckitt Benckiser. The Commission noted that the transaction would lead to overlaps in Ireland but strong competition from Pfizer and Glaxo-Klein was seen to mitigate this risk.

- **AIB / Bank of Ireland (2002)** – Notification of a proposed joint venture between the two Irish banks to establish a joint IT infrastructure service provider was made but later withdrawn as the parties decided not to proceed.

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