Mergers: Commission approves acquisition of Hamburg Süd by Maersk Line, subject to conditions

Both Maersk Line and HSDG are active worldwide in **container liner shipping**. The clearance is conditional upon the withdrawal of HSDG from **five consortia on trade routes** connecting (i) Northern Europe and Central America/Caribbean, (ii) Northern Europe and West Coast South America, (iii) Northern Europe and Middle East, (iv) the Mediterranean and West Coast South America and (v) the Mediterranean and East Coast South America. On these routes, the merged entity would have faced insufficient competition after the transaction.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Competitive shipping services are essential for European companies and for the EU's economy as a whole. The commitments offered by Maersk Line and HSDG will maintain a healthy level of competition to the benefit of the very many EU companies that depend on these container shipping services*."

The Commission's competition concerns

The proposed transaction would lead to the combination of two leading container liner shipping companies. Maersk Line is the largest container shipping company, while HSDG is number nine worldwide. Like several other carriers, Maersk Line and HSDG offer their services on trade routes through cooperation agreements with other shipping companies. These are known as *"consortia"* or *"alliances"* and are based on vessel sharing agreements where members decide jointly on capacity setting, scheduling and ports of call, which are all important parameters of competition.

The Commission examined the effects of the merger on competition in this specific market for container liner shipping on seventeen trade routes connecting Europe with the Americas, Asia, the Middle-East, Africa and Australia/New Zealand.

The Commission found that the merger, as initially notified, would have created new links between the previously unconnected entities Maersk Line and five of the consortia HSDG belongs to (Eurosal 1/SAWC, Eurosal 2/SAWC, EPIC 2, CCWM/MEDANDES and MESA).

According to the Commission's analysis, this **would have resulted in anti-competitive effects** on the corresponding five trade routes (Northern Europe and Central America/Caribbean; Northern Europe and West Coast South America; Northern Europe and Middle East; Mediterranean and West Coast South America; Mediterranean and East Coast South America). In particular, these links could have enabled the merged entity to influence key parameters of competition, such as capacity, for a very large proportion of those markets, to the detriment of their commercial customers and, ultimately, of consumers.

The proposed transaction would also create (a) limited links between Maersk Line and HSDG in the markets for short-sea shipping and “tramp services” (unscheduled, on demand shipping), as well as (b) limited links between the two companies’ activities in container liner shipping and the container terminals, harbour towage, freight forwarding, container manufacturing and inland transportation sectors where Maersk Line or other companies belonging to the Maersk Group are active.

However, in both areas, the Commission found no competition concerns, in particular because several other service providers are active in these markets.

The proposed commitments

In order to address the Commission’s competition concerns, Maersk offered to terminate the participation of HSDG in the five consortia (Eurosal 1/SAWC, Eurosal 2/SAWC, EPIC 2, CCWM/MEDANDES and MESA). This will entirely remove the problematic links between Maersk Line and HSDG’s consortia that would have been created by the transaction.

HSDG will continue to operate as part of the five consortia during the notice period to guarantee an orderly exit. However, a monitoring trustee will ensure that no anti-competitive information is shared between these five consortia and the merged entity during that notice period.

In view of the proposed remedies, the Commission concluded that the proposed transaction, as modified, would no longer raise competition concerns. The decision is conditional upon full compliance with the commitments.

Companies and products

HSDG operates 130 container vessels. HSDG markets its services through its global Hamburg Süd brand and its CCNI (Chile) and Aliança (Brazil) brands. HSDG is a member of several consortia and in particular:

Trade route	**Consortium**
Northern Europe to Central America / Caribbean	Eurosal 1/SAWC
Northern Europe to West Coast South America	Eurosal 2/SAWC
Northern Europe to Middle East	EPIC 2
Mediterranean to West Coast South America	CCWM/MEDANDES
Mediterranean-East Coast South America	MESA

Maersk Line operates 611 container vessels, 324 of which are chartered, and sells its container liner shipping services worldwide. It markets its services through the Maersk Line, Safmarine, SeaLand (Intra-Americas), MCC Transport (Intra-Asia) and SeaGo Line (Intra-Europe) brands. In addition, the Maersk Group also provides container terminal services, freight forwarding services, inland transportation, container manufacturing, and harbour towage services.

Merger control rules and procedures

The transaction was notified to the Commission on 20 February 2017.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the Merger Regulation) and to prevent concentrations that would significantly impede competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

More information will be available on the competition website, in the Commission's public case register under the case number M.8330.