



News Release

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CC CONFIRMS CLEARANCE OF SMITH/LINPAC MERGER

The Competition Commission (CC) has cleared the acquisition of LINPAC Containers Ltd by DS Smith Plc. After examining the merger's likely effects on the market for the supply of corrugated cardboard sheet in particular, the CC has concluded that it will not lead to a substantial lessening of competition in this or associated markets.

This confirms the conclusion of the provisional findings report, which was published last month.

The merger was referred to the CC by the Office of Fair Trading (OFT) on 20 May 2004. Prior to the merger both companies were active in the manufacture and sale of corrugated cardboard sheet and cases.

Peter Freeman, Chairman of the inquiry group, commented on the findings:

After considering responses to our provisional findings report, we see no reason to depart from our initial conclusion that the merger will not lead to a substantial lessening of competition.

Although we have found that the merger has removed an independent competitor and that there are some characteristics of the sheet market which could allow coordinated behaviour amongst major suppliers, we believe that smaller suppliers would have the incentive to respond to any sheet price rises by expanding output through existing and new capacity.

During our investigation, a number of customers expressed concern about the level of competitive behaviour in the sheet market. Whilst we do not consider that this alters our findings on the merger itself, we believe that further investigation by the OFT would be justified.

The CC's findings are set out in the final report which is published on its web site: www.competition-commission.org.uk.

Notes for editors

1. The Enterprise Act 2002 (the Act) empowers the OFT to refer to the CC completed or proposed mergers, either where the merger creates or enhances a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
2. The Smith/Linpac inquiry group consisted of five members—Peter Freeman (Chairman), Dr John Collings, Laurence Elks, David Stark and Professor Catherine Waddams—supported by the CC's staff.
3. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence and merger references can be obtained from its web site at: www.competition-commission.org.uk.
4. Enquiries should be directed to Francis Royle, Chief Press Officer, on 020 7271 0242 (email: francis.royle@competition-commission.gsi.gov.uk) or Rory Taylor on 020 7271 0398 (email: rory.taylor@competition-commission.gsi.gov.uk).