



Case M1244J

Proposed acquisition of Fraser Freight Limited by
Jersey Post Global Limited

Decision

Document No: CICRA 16/30

11 August 2016

Jersey Competition Regulatory Authority

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Summary

1. Jersey Post Global Limited ("Jersey Post"), a subsidiary of Jersey Post International Limited, proposes to acquire the entire issued share capital of Fraser Freight Limited ("Fraser Freight") from its present owner Mr Ross Fraser. The transaction has been notified to the Jersey Competition Regulatory Authority (the "JCRA") for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the "Law").
2. The JCRA has determined that the proposed acquisition will not lead to a significant lessening of competition in any relevant market and therefore approves the acquisition.

The Notified Transaction

3. On 15 July 2016, pursuant to Article 21 of the Law, the JCRA received an application for approval of Jersey Post's acquisition of 100% of the shares of Fraser Freight.
4. The JCRA registered its receipt of the application by posting a notification on its website on 15 July 2016. It invited comments by 5pm on 29 July 2016. No submissions were received.

The Parties

5. Jersey Post is a limited company incorporated in Jersey, with company registration number 117463. It is a subsidiary of Jersey Post International Limited, also incorporated in Jersey, with company registration number 91247.
6. Jersey Post operates in Jersey and UK and, through partners, in USA and Hong Kong. It offers the following services: postal services within Jersey (inbound and outbound mail and local mail), bulk mail (fulfilment or logistics traffic), international mail and packets not originating or terminating in Jersey, retail activities, philatelic services and Promail (data management and printing of statements, marketing material etc).
7. Fraser Freight is a limited company incorporated in England and Wales with company number 03892692. Its entire share capital is owned by Mr Ross Fraser.
8. Fraser Freight is a global logistics provider, based in Portsmouth, offering logistics services across the UK and internationally. Its business can be categorised as: road freight, sea freight, air freight, warehousing and storage as well as miscellaneous services concerned with secure storage, pick and pack operations into bespoke packaging for shipment, consolidation, parcel distribution, national distribution via an overnight pallet network and express deliveries.

Requirement for JCRA Approval

9. Under Article 2(1)(b) of the Law, a merger occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking.

10. On completion of the notified transaction, Jersey Post will acquire 100% of the shares in, and as a result direct control over, Fraser Freight. The transaction therefore constitutes a merger as defined by the Law.
11. According to Article 20(1) of the Law, a person must not execute certain mergers or acquisitions except with, and in accordance with, the approval of the JCRA. Article 3 of the Competition (Mergers and Acquisitions) Jersey Order 2010 provides that if one or more of the parties to a proposed merger or acquisition has an existing share of 25% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey, and another party involved in the proposed merger or acquisition is active in the supply or purchase of goods or services of any description that are upstream or downstream of those goods or services in which that 25% is held, then that merger or acquisition must be notified to the JCRA under Article 20(1) of the Law.
12. On the basis of the information submitted by the parties to the transaction, the JCRA has concluded that:
 - (a) Jersey Post has a share of supply to persons in Jersey in the bulk mail market in excess of 25%; and
 - (b) although Jersey Post does not currently purchase any goods or services from Fraser Freight, certain of the services provided by Fraser Freight – specifically freight and logistics services – are upstream of Jersey Post’s bulk mail activities.
13. Therefore in accordance with Article 20(1) of the Law, the approval of the JCRA is required prior to the completion of this transaction.

Market Definition

14. The notifying parties have identified the following relevant markets:
 - (a) Road freight in the Channel Islands and Europe;
 - (b) Air freight in the Channel Islands; air freight in the UK; air freight in the rest of the world;
 - (c) Sea freight in the Channel Islands and the UK; sea freight in the rest of the world;
 - (d) Warehousing/storage in the UK;
 - (e) Postal services, which may be split into a number of sub-markets with varying geographic scopes;
 - (f) Worldwide bulk mail/fulfilment;
 - (g) Worldwide outbound/international cross border B2C;
 - (h) Retail services in Jersey;
 - (i) Data management and printing in the Channel Islands and the UK;
 - (j) Philatelic/collecting, for which the market may be worldwide.

15. For the reasons set out below, it is not necessary to come to a conclusion on the precise definition of the relevant markets, since the transaction does not lead to competition concerns on the basis of any plausible market definition.

Effect on Competition

16. Pursuant to Article 22(4) of the Law, the JCRA must determine if the proposed acquisition would substantially lessen competition in Jersey or any part of it.
17. There is no overlap between the parties' activities. In addition, Fraser Freight has no assets in Jersey and does not generate any turnover in Jersey. The transaction will therefore not lead to a lessening of competition in Jersey between Jersey Post and Fraser Freight.
18. The transaction will not give rise to anti-competitive vertical foreclosure in Jersey, because:
- (a) Fraser Freight currently makes no sales into Jersey. It is therefore reasonable to assume that, to the extent that competitors of Jersey Post in Jersey wish to purchase services of the type supplied by Fraser Freight, there are adequate sources of supply other than Fraser Freight; and
 - (b) According to information provided by the parties, there are a large number of service providers to the markets in which Fraser Freight operates. Therefore, the removal of Fraser Freight as a potential supplier to businesses in Jersey (if indeed this were the effect of the transaction) would not affect the ability of Jersey Post's competitors to procure those services.
19. The transaction will not therefore lead to any substantial lessening of competition in Jersey.

Third Party Views

20. No third party concerns were raised in respect of the transaction.

Conclusion

21. Based on the preceding analysis, there is no substantial lessening of competition in the island of Jersey or any part of Jersey, and the JCRA hereby approves the proposed acquisition under Article 22(1) of the Law.

11 August 2016

By order of the JCRA Board