

COMPLETED ACQUISITION BY AUSURUS GROUP LTD, THROUGH ITS SUBSIDIARY EUROPEAN METAL RECYCLING LIMITED, OF CUFE INVESTMENTS LIMITED

Notice of Acceptance of Final Undertakings pursuant to section 82 of the Enterprise Act 2002

1. On 25 August 2017, Ausurus Group Ltd (**Ausurus**), acting through its subsidiary European Metal Recycling Limited (**EMR**), acquired the whole of the issued share capital of CuFe Investments Limited (**CuFe**), the holding company of Metal & Waste Recycling Limited (**MWR**) (**the Merger**).
2. On 11 September 2017, the Competition and Markets Authority (**CMA**) made an Initial Enforcement Order (**the IEO**), pursuant to section 72 of the Enterprise Act 2002 (**the Act**), for the purposes of preventing pre-emptive action.
3. On 7 February 2018, the Merger was referred by the CMA for a phase 2 investigation pursuant to section 22 of the Act (**the Reference**) to determine, pursuant to section 35 of the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) in any market or markets in the United Kingdom (**UK**) for goods or services.
4. On 23 February 2018, the CMA issued a direction, pursuant to paragraph 10 of the IEO, for the appointment of a monitoring trustee (**the Monitoring Trustee**) to monitor compliance with the IEO.
5. On 14 August 2018, pursuant to section 38 of the Act, the CMA published a report (**the Final Report**) concluding that:
 - (a) the Merger has resulted in the creation of a relevant merger situation;
 - (b) the creation of that situation has resulted, or may be expected to result, in an SLC in the markets for the purchasing of shredder feed in the South East; the purchasing of ferrous and non-ferrous scrap metals under

tendered contracts in the West Midlands; the purchasing of ferrous and non-ferrous scrap metals under tendered contracts in the North East; and in sales of new production steel (**NPS**) to UK customers, which may be expected to lead to adverse effects for customers;

- (c) the CMA should take action to remedy the SLC and the adverse effects likely to arise from it; and
- (d) the CMA considers that the partial divestment of MWR in one or two packages including the following elements would be an effective and proportionate remedy to the SLC and the adverse effects likely to arise from it:
 - (i) MWR's Hitchin site with all associated staff and plant and equipment, including the 6000hp shredder on that site. In addition, if the purchaser does not have existing feeder sites and is unable to demonstrate to the CMA that it does not require a feeder site to be an effective competitor in the purchasing of shredder feed in the South East, then MWR's London sites (Edmonton and Neasden) and related administrative and commercial infrastructure in London should be divested together with the Hitchin site and associated staff and plant and equipment.
 - (ii) All sites, assets, contracts, rights and staff necessary to carry out the purchasing of ferrous and non-ferrous scrap metals under tendered contracts and the sale of NPS to UK customers in the West Midlands (Cradley, Hockley, and Telford) and the North East (Seaham), including the relevant staff at MWR's head office in Edmonton and, if the purchaser requires this to maintain commercial relationships, some commercial staff from MWR (not based at Hitchin).¹
- (e) undertakings should be given to the CMA or, where undertakings are not agreed, an order should be made to give effect to the remedy identified by the CMA in chapter 14 of the Final Report (**the Remedy**), namely, the partial divestment of MWR in one or two packages including the following:

6. The CMA has reached agreement with Ausurus, CuFe, EMR and MWR (**the Parties**) as to the terms of Final Undertakings for the purpose of remedying,

¹ The following MWR sites and assets can be excluded from the package(s): Telford Lightmoor Road; Walsall; Rookes; Cox's Lane; Newport; the granulator at Edmonton; and Edmonton and Neasden if the purchaser of the Hitchin site (and all associated staff and plant and equipment) has existing feeder sites or the CMA is satisfied that the purchaser of the Hitchin site (and all associated staff and plant and equipment) is suitable and does not require a feeder site to be an effective competitor in the purchasing of shredder feed in the South East.

mitigating or preventing the SLC it has identified and any adverse effects arising from it.

7. On 9 October 2018, the CMA gave [notice of a proposal to accept Final Undertakings](#) on its website. The CMA received two responses to its notice and considered carefully all representations it received. In light of those representations, the CMA made some modifications to the proposed Final Undertakings it consulted on. The CMA considers that the modifications are not material in any respect and has decided, in accordance with paragraph 5 of Schedule 10 to the Act, that the Final Undertakings, as modified, do not require any further consultation.
8. On 2 November 2018, the Parties gave the CMA Final Undertakings, giving effect to the CMA's decisions as published in its Final Report and which are in the same terms as those consulted on.
9. The CMA, under section 82 of the Act, now accepts those Final Undertakings as given by the Parties. A copy of the Final Undertakings is attached. The Final Undertakings now come into force and the reference is finally determined. In accordance with section 81(8) of the Act, the IEO ceases to be in force.
10. The Final Undertakings may be varied, superseded or released by the CMA under section 82(2) of the Act.
11. This Notice and a non-confidential version of the Final Undertakings will be published on the CMA website. The CMA has excluded from the non-confidential version of the Final Undertakings information which it considers should be excluded, having regard to the considerations set out in section 244 of the Act. These omissions are indicated by [X].

Signed by authority of the CMA

Lesley Ainsworth
Inquiry Chair
5 November 2018