

THE ACQUISITION BY VEOLIA ENVIRONNEMENT S.A. OF SUEZ S.A.

Summary of final report

Notified: 25 August 2022

What we have found

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Veolia Environnement S.A. (**Veolia**) of Suez S.A. (**Suez**) may be expected to result in a substantial lessening of competition (**SLC**) in the supply of several waste management and water treatment services in the United Kingdom (**UK**).
2. We refer to this transaction as **the Merger** and to Veolia and Suez collectively as **the Parties**.
3. The competition concerns that we have found result from the Merger involving two companies that previously competed head-to-head for a range of customer contracts. Our concerns arise in relation to the following services provided in the UK:
 - (a) non-hazardous municipal waste collection services;
 - (b) operation and maintenance (**O&M**) services for material recovery facilities (**MRF**) to local authorities;
 - (c) O&M services for energy recovery facilities (**ERFs**) to local authorities;
 - (d) the supply of waste disposal services by incineration in the local areas surrounding Suez's Wilton 11 and Teesside ERFs;
 - (e) non-hazardous commercial and industrial (**C&I**) waste collection services;
 - (f) O&M services for water and wastewater treatment facilities to industrial customers; and
 - (g) mobile water services (**MWS**).

4. In each of these markets, we consider that the Merger will remove an important competitor, which could result in higher prices for customers and/or a poorer quality of service (reflected, for example, in less frequent waste collection). This would have a significant impact on the services provided on behalf of local authorities to millions of households across the UK, as well as many businesses that purchase some of these services directly.

How we will address the competition concerns that we have found

5. Having found the Merger would give rise to an SLC in multiple waste and water treatment markets, we considered what remedial action should be taken to address these concerns. We have concluded that the sale by Veolia of three separate businesses would remedy the SLCs and resulting adverse effects effectively and proportionately. These are the sale of:
 - (a) Suez's entire UK waste management services businesses;
 - (b) Suez's UK industrial water O&M services business; and
 - (c) Veolia's European MWS business.
6. The buyers of these businesses will need to be approved by the CMA.

Background

7. On 7 December 2021, the CMA's Phase 1 investigation found that the Merger gave rise to a realistic prospect of an SLC in relation to the following services provided in the UK:¹
 - (a) complex waste management contracts procured by local authorities;
 - (b) non-hazardous C&I waste collection services;
 - (c) The supply of non-hazardous municipal waste collection services;
 - (d) The supply of services for the O&M of local authority-owned ERFs;
 - (e) The supply of non-hazardous waste incineration services in several local areas;
 - (f) The supply of organic waste composting services at open-windrow composting (**OWC**) facilities in several local areas;

¹ [CMA Phase 1 Decision](#).

- (g) O&M of water and wastewater treatment facilities for industrial customers; and
 - (h) MWS.
- 8. The CMA has no powers to impose remedies at the end of a Phase 1 investigation and Veolia chose not to offer remedies at that stage.²
- 9. On 21 December 2021, the CMA referred the acquisition by Veolia of Suez for an in-depth Phase 2 investigation by a group of independent panel members (the **Inquiry Group**).³ The Inquiry Group has considered the questions required of it in the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation may be expected to result in a SLC within any market or markets in the UK for goods or services.⁴
- 10. Having extended the statutory timetable by eight weeks, we are required to publish our final report by 11 September 2022.

The businesses involved and what they do

- 11. The Parties are both large, multinational waste and water management companies and are two of the three largest waste management companies operating in the UK. The Parties' breadth of activities across the waste management sector is not matched by any other competitor in the UK.
- 12. Veolia is active globally in water, waste, and energy management solutions, and in other related activities. In 2020, Veolia generated global revenues equivalent to around £22 billion, of which around £2 billion (or approximately 10%) was generated in the UK.
- 13. Suez is a global provider of waste management, water management, water equipment and water technology services. In 2020, Suez generated global revenues equivalent to around £15 billion, including around £1 billion (approximately 7%) in the UK.

² [CMA Phase 1 Decision to Refer](#)

³ Section 33(1) of the Enterprise Act 2002 (**the Act**)

⁴ [Section 36\(1\)](#) of the Act

The transaction

14. On 5 October 2020, Veolia acquired 29.9% of Suez from Engie S.A. and announced its intention to launch a public offer for all of Suez's remaining issued share capital. On 27 January 2022, Veolia completed its acquisition of the remaining issued share capital of Suez.

How we conducted our investigation

15. We have gathered and analysed a significant volume of evidence during our inquiry. We have collated market share and tender data to understand the Parties' and their rivals' existing market positions and what the competitive outcomes have been in the past. We received a very significant amount of information from the Parties and have analysed large volumes of their internal business documents.
16. We have also gathered a significant amount of information from other market participants. We contacted over 100 local authorities and received responses from around 40% of them. We contacted approximately 200 commercial customers in waste and water services as well as large and small competitors. We had a significant number of calls with local authorities, business customers and competitors.
17. We have consulted extensively with the Parties, who have been able to make representations to us (both orally and in writing) on numerous occasions. In particular, the Parties were provided with the opportunity to make representations on our Provisional Findings (May 2022), which set out the reasoning and basis in evidence that underpinned those findings. Certain confidential evidence, which could not be shared with the Parties directly, was disclosed to their advisers through a confidentiality ring. We have considered the representations made by the Parties in reaching our final decision.

The background to our investigation: non-hazardous waste management in the UK

18. Most of the markets in which the Parties' activities overlap are within the non-hazardous waste sector. Managing the UK's non-hazardous waste involves a number of stages.
19. For municipal customers (eg local authorities) the waste is generally collected from households at the kerbside. Depending on the local area this might include separate collections for organic waste (food and garden waste),

recyclables and the remaining, or residual, waste. Separately, waste is collected from businesses (ie C&I customers).

20. Some waste is not collected at the kerbside but rather is taken to a recycling centre by households. Nevertheless, this waste is also included in the waste management chain.
21. Recyclable waste is taken to a sorting centre, or MRF, to extract and separate each type of recyclable material (eg plastic, glass, paper) that can be recycled and sold to businesses that use these materials.
22. The remaining waste is disposed of. The disposal method depends on the nature of the waste. Organic waste is composted. Residual waste can be disposed of by incineration at an ERF (which is used to generate electricity and sold to National Grid), sent to landfill or exported.

How will the Merger affect competition in waste management services?

23. We have examined the impact of the Merger on several different areas of activity within the waste management sector in which the Parties compete at present:
 - (a) non-hazardous municipal waste collection services;
 - (b) O&M services for MRFs to local authorities;
 - (c) O&M services for ERFs to local authorities;
 - (d) waste disposal services by incineration in the local areas surrounding Suez's Wilton 11 and Teesside ERFs;
 - (e) OWC services; and
 - (f) non-hazardous C&I waste collection services;
24. In each of these areas, we have considered whether the Merger is likely to give rise to what are known as horizontal unilateral effects. These can arise when one firm merges with a direct competitor. In these circumstances, by removing competition, the Merger might put upward pressure on prices and reduce the incentive for the merged firm to maintain service levels and innovation. This might leave local authorities (and so local taxpayers) and businesses needing to pay more for services from the Parties and/or experiencing lower levels of service and innovation.

The Parties are strong in competing for large and complex contracts

25. The customers in all of the waste management markets that fall within the scope of our investigation are local authorities (apart from non-hazardous C&I waste collection services where the customers are typically businesses). The requirements of local authorities in relation to waste management vary considerably and we have considered how this affects the level of competition for local authority waste management contracts, specifically where those contracts are more complex.
26. We found widespread evidence that some local authority requirements are complex. While there are no bright-line criteria that determine if a contract is 'complex', evidence provided to us by local authorities, competitors and the Parties show the types of factors that can make the requirements for some local authorities more complex and difficult to fulfil than other local authority waste management contracts. In this regard, such contracts often:
 - (a) require the provision of multiple services; and/or
 - (b) involve the provision or maintenance of waste management infrastructure; and/or
 - (c) are awarded by two or more local authorities working in partnership; and/or
 - (d) are of a large size or value.
27. We have also found that the overall risk profile of some contracts might dissuade some suppliers from bidding, including where contracts are complex. We have also considered the competitive effects of how risk is managed in our assessment of the O&M of MRFs and the O&M of ERFs.
28. The evidence available to us shows that complexity can affect competition, as customers with complex needs might see less competition for their waste management contracts (because some suppliers will be weaker competitors for these contracts or may choose not to bid at all). For example:
 - (a) 10 local authorities said that their specific requirements meant that the Merger would reduce the set of potential suppliers for their contracts (these local authorities were concerned about competition for large, sometimes multiservice, waste management contracts); and
 - (b) An analysis of 15 contracts that were awarded to either Veolia and Suez, and which we consider to be complex, found that there were relatively few bidders for those contracts.

29. We also found that the Parties hold certain attributes, assets or capabilities – including a full portfolio of services, track record, strength in infrastructure, and size – that can give them a competitive advantage and make them closer competitors to each other compared to most rivals. Accordingly, while the Parties can and do bid for contracts involving a whole range of services relating to collection, sorting and disposal of waste, some competitors are more limited in their capabilities and the types of contracts that they can bid for.
30. This is consistent with views submitted by several local authorities, which told us that Veolia and Suez are the key suppliers able to offer services across the waste management supply chain and take on large scale contracts. Veolia and Suez were identified by local authorities most frequently and were rated as the two strongest possible bidders.
31. We looked at how successful the Parties have been in winning contracts worth at least £10 million a year. Large value contracts are more likely to be related to complex customer requirements. Contracts of this value account for the top quarter of all municipal non-hazardous waste management contracts. We have found that over the past five years the Parties have won over half of these contracts (which account for 60-70% of the total value of the contracts we considered).
32. We have found that there are some other large suppliers that bid for complex contracts, including Biffa, Viridor and FCC Environment (**FCC**) (and sometimes Urbaser).
33. However, some rival suppliers, such as Biffa, Serco and Viridor, are not present across the waste management chain to the same extent as the Parties, which can limit the competitive constraint they place on the Parties when bidding for some contracts (eg Biffa and Serco do not operate ERFs whereas Viridor does not collect waste).
34. The local authorities which awarded the contracts told us that the suppliers which could credibly fulfil these contracts today are Veolia, Suez, FCC, Biffa and, to a much lesser extent, Viridor. Competitors also indicated that Veolia and Suez are the two strongest suppliers, while FCC, Biffa, Viridor and, to a lesser extent, Serco and Urbaser also compete for multiservice municipal contracts.
35. We consider that the evidence available to us shows that the complexity of contracts is an important factor that affects different suppliers' willingness and ability to compete. This evidence shows that the Parties are likely to be close competitors for complex contracts and that some of the other competitors may

be weaker when competing for these contracts. The Merger will reduce the number of strong bidders for these contracts.

36. We have considered how the complexity of contracts affects competition for the different types of services within which the Parties overlap. Accordingly, our findings in relation to complex contracts have been taken into account when we have considered the effect of the Merger on competition for the individual waste management services.

The Parties are two of a small number of suppliers providing non-hazardous municipal waste collection services

37. Veolia and Suez compete to win municipal contracts for kerbside collection services from local authorities.
38. Although many local authorities self-supply collection services either through their own in-house teams or through wholly-owned specialist companies (which are obliged to focus on that local authority not the requirements of other local authorities), other local authorities do not. We found that many local authorities which currently outsource their waste collection services will continue to outsource in the future. These local authorities rely on the competition between private suppliers (like Veolia and Suez) to get a good deal for their waste collection services on behalf of local taxpayers.
39. The Parties have a significant market position, together serving 30-40% of households that have outsourced non-hazardous municipal waste collection (with an increment of [10-20%] on one measure). This is a materially larger position than any other supplier – FCC serves 20-30% of households while Biffa and Serco each serve 10-20% of households.
40. Within non-hazardous municipal waste collection services as a whole, the Parties' bid data and evidence from both customers and competitors show that the Parties compete against each other for contracts, but also against Biffa, FCC, Serco and Urbaser.
41. Given the variation in local authority requirements we examined competition for complex collection contracts. We identified a set of 11 local authority contracts that we consider to be for complex requirements. These contracts are large in value terms and almost all involve the supply of multiple services, ranging in total value from £68 million to £1.2 billion.
42. Across this set of 11 contracts, we have found that, on average, there were fewer than three bidders identified by local authorities in the final round. No local authority identified any more than four bidders for any of the contracts.

Veolia and Suez, together with Serco and Biffa, were identified as bidders more frequently than any other supplier.

43. The local authorities which hold these 11 contracts said that they expect Veolia, Suez, Biffa and Serco (and, to a lesser extent, FCC) would be the most credible suppliers if they were to re-tender.
44. Therefore, the strongest competition to the Parties comes from Biffa and Serco, with FCC being a less significant constraint. This relatively small set of suppliers rarely all bid for the same contracts – so it is likely that only one or two of these competitors would bid against the Merged Entity in any given tender in future. Some local authorities (including around half of those with complex contracts) expressed concern about the Merger in relation to non-hazardous municipal waste collection services. They told us that there would be fewer bidders available for their tenders and prices might increase as a result.
45. On the basis of the evidence we examined – market shares, tender analysis, contract analysis and views of local authorities and competitors – we have found that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of non-hazardous municipal waste collection services. We have found that the effect on competition from the Merger is likely to arise more strongly in relation to competition for complex contracts.

The Parties are two of only three strong suppliers of operation and maintenance services for material recovery facilities to local authorities

46. MRFs sort non-hazardous waste before the recyclable waste is sold to businesses which use it as an input, and the remaining, or residual, waste is sent away for further processing. MRFs differ substantially in terms of capability, sophistication and complexity. Some MRFs employ optical sorting software and machinery using cameras and/or lasers that allow the optical sorter to detect different types of waste (eg metal, paper and plastic), while other MRFs use a mix of less sophisticated automated sorting and manual sorting. Veolia and Suez operate MRFs, some of which use optical sorting and some use manual sorting.
47. The competitor set is limited by the fact that some local authorities have a preference for large suppliers with the ability to manage the risks associated with the volatile market for various recycled materials and/or to enter into risk/profit sharing arrangements with local authorities. Scale is important in a supplier's ability to manage these pricing risks.

48. Veolia and Suez have a significant market position, together accounting for 40-50% of O&M of MRFs by capacity (with an increment of 10-20% in share brought about by the Merger). Biffa is the second largest operator and accounts for a similar proportion of supply as Suez. After the Merger, Biffa and the Parties will hold 80-90% of the market. No other provider has a share exceeding 5%. The Merger therefore increases concentration significantly in a market that is already highly concentrated.
49. Local authorities and competitors identified Veolia and Suez as the strongest suppliers in the market together with Biffa. Our assessment of complex contracts indicates that without the Merger the Parties would have been two of the three strong competitors (along with Biffa) for multiservice contracts that include services related to MRFs.
50. We have found that the evidence strongly suggests that the Parties are close competitors to each other and that they face strong competition from only Biffa.
51. On this basis, we find that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of O&M of MRF services.

The Parties are strongly placed to compete for future contracts to supply operation and maintenance of energy recovery facilities services

52. ERFs are used to incinerate residual waste in order to generate heating or energy (in the form of electricity) which can be either used onsite or sold to National Grid. Incineration is sold to those looking to dispose of residual waste at private ERFs or at public-private partnership (**PPP**) ERFs.
53. Providers of privately owned ERFs sell incineration services on fixed contracts or, if capacity allows, on the spot market.
54. PPP-backed ERFs were built and managed on behalf of public authorities. Most of an ERF's operational capacity is typically reserved for use by the local authority that commissioned the infrastructure. The remaining capacity is usually controlled by the operator of the ERF and can be sold to other customers or used to service its own waste treatment contracts. This is called Controlled Merchant Capacity (**CMC**). Incineration capacity purchased from private asset ERFs or CMC is described as 'merchant capacity'.
55. Many (but not all) public authority ERFs using the PPP model were built over 20 years ago. Very few of these ERFs have seen their O&M contracts come to an end yet, but some will end over the next few years. Once these contracts come to an end, local authorities are very likely to put the O&M of

the ERF out to tender for a new contract period. It is possible that some of these contracts will involve refurbishment or some upgrade of the ERF facility.

56. Since there have been few O&M service contracts tendered in recent years, there is little evidence of competition in practice for this kind of contract that we can rely on. Instead, we have made our assessment on the basis of the customer selection criteria that are likely to be used, as identified by local authorities in response to our inquiries. These criteria include a supplier's (management and technical) expertise, experience, track record (eg in relation to reliability of service) and access to contingency capacity. We have also considered whether operators gain an advantage from being the operator of an existing ERF (ie an incumbency advantage), the Parties' own plans to compete for these contracts in the future, as well as a range of evidence from customers and the Parties' rivals.
57. We found that Veolia and Suez are in a strong position to bid for and win future contracts based on the criteria likely to be applied by local authorities. In this regard:
- (a) the Parties have significant management and technical expertise. Veolia is the second-largest and Suez the third-largest operator of ERFs in the UK. In terms of the number of accumulated years' experience, Veolia and Suez combined far outstrip any other supplier.
 - (b) in terms of reliability and access to contingency capacity, local authorities told us that landfill and export are generally undesirable forms of contingency capacity, as public policy objectives are to significantly reduce the use of landfill and to move to more sustainable practices (eg incineration for energy generation). While these forms of disposal will continue, the evidence indicates that they will continue to decline in line with Government policy and customer preferences and suppliers that offer UK incineration options will likely be preferred by local authorities. In this regard Veolia and Suez are likely to have a competitive advantage over most other rivals (with the exception of Viridor and FCC).
58. An incumbent operator may have an advantage over other O&M operators when competing for new O&M contracts for ERFs (ie following the end of PPP contracts). Therefore, Veolia and Suez will have a competitive advantage with respect to more ERFs than any of their rivals. We also consider that the Parties' experience and scale advantages make them strong competitors to incumbents, including each other.
59. We asked local authorities to list the suppliers that they would consider credible if they were to retender their existing O&M for ERFs contracts. Both

Veolia and Suez were identified more frequently and rated more highly than any other supplier. After the Parties, FCC and Viridor were the next most frequently identified and rated suppliers. Similarly, competitors identified Veolia, Suez, Viridor and FCC most frequently, with Veolia, Suez and Viridor rated the highest.

60. O&M services for ERFs are complex services and therefore Veolia and Suez are likely to compete particularly closely (and face more limited competition) including where O&M services for ERFs are bundled with other services.
61. We therefore found that the Parties are close competitors to each other and would face only limited competition after the Merger, with only Viridor and FCC likely to be strong competitors to the Parties.
62. On this basis, we have found that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of operation and maintenance of energy recovery facility services.

The Parties face limited competition in the supply of incineration services in two local areas

63. We have also examined how the Merger will affect competition in the supply of merchant capacity in the supply of incineration services (paragraph 54).
64. We identified 11 local area overlaps between the Parties' facilities. Of these, in nine local areas the Parties have either a low combined share or the increment arising from the Merger is low (or both).
65. In the remaining two local areas, the Teesside and 'Wilton 11' areas, the Parties have strong market positions, with combined shares of 40-50% and 50-60% respectively (and the Merger bringing about an increment in share of 10-20% in both areas). We consider that the Parties compete closely at present and will face limited constraints after the Merger.
66. On this basis, we find that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of merchant capacity incineration services in the local areas surrounding the Wilton 11 and Teesside ERFs.

Competition will remain in the supply of open windrow composting services

67. OWC processes garden waste into compost. Unlike the other waste management services that we have investigated, we have found that OWC services typically do not form part of complex contracts. The Parties are both active in the composting of garden waste via OWC.

68. Veolia is active in nine local areas and Suez in eight, but the Parties only overlap in four local areas. In two of these areas, the increment in market share is limited, indicating that the Merger brings about little change in the competitive structure of the local market. In the other two areas, the Parties' overall combined share is relatively modest, and they will continue to face a significant number of credible competitors (10 competitors in one area and 12 in the other).
69. On this basis, we find that the Merger will not result in an SLC in the provision of OWC services.

In the supply of non-hazardous commercial and industrial waste collection services the Merger makes a concentrated market even more concentrated

70. C&I waste collection services involve the collection of mixed and specific waste from C&I customers (including offices and shops). Both Parties supply non-hazardous waste collection services to C&I customers at a national level. We have considered national customers to be customers which require collection services in at least two regions in the UK.
71. C&I waste collection contracts are negotiated either through tenders or through bilateral contract negotiations. Some competitors are waste management companies and others are brokers which subcontract to waste companies.
72. We have found that Biffa and Veolia are by some distance the largest suppliers for national customers. Biffa alone accounts for 50-60% of the market and collectively Biffa and Veolia account for 70-80%. Suez has an estimated share of 5-10%. The Merger will therefore result in further consolidation of an already highly concentrated market. Novati and DS Smith (both brokers) have similar shares to Suez. All other competitors have very low market shares.
73. Once a supplier has collected the waste it is responsible for disposing of it. We have found that this can significantly influence competition. We have found that suppliers with their own disposal infrastructure have a greater ability to control disposal costs and capacity, which likely gives these suppliers a competitive advantage over smaller C&I suppliers that need to rely on third party capacity. After the Merger, the Parties will control significantly more ERF capacity than any other supplier.
74. The largest supplier in the market, Biffa, does not yet operate its own ERFs and relies on third-party disposal infrastructure. Biffa, however, has significant scale, which is likely to give it more favourable terms at third-party disposal

sites relative to most other competitors. Biffa is also investing in its own ERFs, as a result of having less attractive landfill and export options, so will have improved access to disposal infrastructure in future.

75. Biffa is a strong competitor to both Veolia and Suez. The tender data shows that Suez imposes a more limited competitive constraint on Veolia than Veolia does on Suez, but also that other suppliers in the market, including brokers such as DS Smith, Novati, and Reconomy, impose only a limited competitive constraint on either of the Parties.
76. Although brokers do win some national contracts, some customers for these contracts have a preference for minimising the level of subcontracting, and therefore broker competitors offer a weaker alternative compared to Suez.
77. We asked customers to list the suppliers that they would consider to be credible if they were to re-tender their current C&I waste collection contracts in the near future. Biffa and Veolia were rated clearly above other suppliers. Suez was mentioned less frequently and was considered to be of similar competitive standing to a small number of other waste management companies and brokers.
78. Accordingly, although Suez is considerably smaller than either Biffa or Veolia, it is an important competitor (and, in the round, a more significant competitor than other smaller suppliers, brokers, and FM suppliers) because of its access to disposal infrastructure and ability to compete for national customers. Veolia already holds a very strong position in the market (currently facing only one strong competitor) and is a strong competitive constraint on Suez.
79. On this basis, we find that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of non-hazardous commercial and industrial waste collection services.

How the Merger will affect competition in water management services

The Parties are large and close suppliers in the operation and maintenance of water and wastewater facilities for industrial customers

80. Businesses that use water as part of their processes and/or which generate wastewater that is discharged under licence into public water courses require water treatment services. Water used in a manufacturing process must be of suitable quality and may therefore need to be treated to meet the requirements of the industrial customer, both in terms of quality (degree of

water purity required) and quantity (volume of water required). Wastewater must be treated to a suitable quality to meet regulatory requirements.

81. The O&M of water and wastewater treatment facilities is sometimes 'self-supplied' by the owner of the facility whereas in other instances it is contracted to a third party, such as Veolia or Suez. O&M services usually include specialist, routine and reactive maintenance of the treatment facility involving a dedicated person (or persons) at the customer's site and access to off-site technical support. The O&M provider is generally responsible for breakdown and maintenance risks associated with the facility, as well as ensuring the facility is compliant with all relevant regulations.
82. We have not included self-supply in our assessment. This is because self-supply is not a strong option for some customers. The fact that some customers are able to self-supply will not protect those other customers which cannot from any lessening of competition brought about by the Merger.
83. We have found that estimating market shares in this segment is difficult. The Parties and some third parties had very different market share estimates which we could not validate. We have therefore placed limited weight on market shares. However, we note that several third-party competitors and an industry report all estimated that together Veolia and Suez would be the largest supplier in the market.
84. We have found that Veolia and Suez are close competitors. A range of evidence shows that the Parties' competitive strength comes from their experience, capabilities and financial size.
85. Some customers raised strong concerns about the Merger. Three large customers told us that Veolia and Suez were the only two suppliers which bid for their contracts and that they did not see any other credible suppliers for their requirements.
86. We have found that when bidding for contracts, Suez was Veolia's closest competitor and that Veolia was, by far, the most frequent competitor to Suez in contract tenders. This indicates that that Veolia is a close competitor to Suez although Veolia won only one of these contracts.
87. When we asked customers and competitors who they considered to be credible suppliers, customers identified Veolia and Suez most frequently. Competitors told us that Veolia and Suez together with Alpheus were the strongest competitors in the market.

88. On this basis, we find that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of O&M services for water and wastewater treatment facilities to industrial customers.

The supply of mobile water services

89. MWS involves the provision of moveable water treatment units that are trailer-mounted so that they can be transported by truck to customers in response to emergency shutdowns or planned outages of a customer's water or wastewater treatment facility.
90. Veolia submitted that the Parties are complementary, with Veolia focussing on emergency supply and Suez on planned, multi-year contracts. However, we have found that they do compete head-to-head for multi-year contracts.
91. We have estimated that, together, Veolia and Suez account for 80-90% of MWS in the UK. We consider that only one competitor, Ecolutia, has a share of over 10%. We have estimated that all other competitors have negligible shares. We have also found that the Parties' fleet – the number of mobile water units that it has available in the UK – vastly outnumbers the aggregate fleet size of its rivals. This means that the Parties together have a large share of overall capacity.
92. We have found that the Parties are close competitors and would face only limited competition, at best, after the Merger.
93. For some customers, Veolia and Suez were the only two options. Customers have told us that the Parties' fleet size and responsiveness (given the Parties have the capacity to respond), and having one but not both of the two commonly used technologies (ie membrane-based or resin-based technologies), are reasons why other suppliers are weaker alternatives.
94. Competitors agreed that fleet size is an important factor of competition and that there are few strong suppliers other than Veolia and Suez.
95. There is some evidence from customers, competitors and from the Parties that Ecolutia is a credible competitor. However, our market share estimates, as well as evidence from Ecolutia, indicate that it is very much smaller than either of the Parties.
96. We also considered whether other technologies (known as activated carbon and water tankering) could be used instead of the Parties' products and services in the event of higher prices or worse non-price parameters of competition following the Merger and have found that they could not.

97. On this basis, we find that the Merger is likely to give rise to an SLC as a result of horizontal unilateral effects in the supply of MWS in the UK.