

# Completed acquisition by Sonoco Products Company of the Eviosys group, from entities managed by KPS Capital Partners LP and Crown Holdings, Inc.

## Decision on relevant merger situation and substantial lessening of competition

**ME/7120/24**

The Competition and Markets Authority's decision on relevant merger situation and substantial lessening of competition under section 22(1) of the Enterprise Act 2002 given on 12 December 2024. Full text of the decision published on 14 January 2025.

The Competition and Markets Authority (**CMA**) has excluded from this published version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [X]. Some numbers have been replaced by a range, which are shown in square brackets.

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# SUMMARY

## OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Sonoco Products Company (**Sonoco**) of the Eviosys group (**Eviosys**), is a relevant merger situation that does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom.
2. Sonoco acquired Eviosys on 4 December 2024. The CMA refers to this acquisition as the **Merger**. Sonoco and Eviosys are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
3. Sonoco is a US-based global manufacturer of industrial paper and consumer packaging products supplies. In the UK, Sonoco is predominantly active in the manufacture and supply of rigid paper containers (**RPC**), producing paper tubes in an easy-to-hold format known as composite cans. Sonoco does not manufacture or supply metal cans in the UK.
4. Eviosys is a Switzerland-based manufacturer of metal packaging products servicing Europe, the Middle East and Africa. Eviosys' principal activities in the UK are across food packaging solutions (including tinplate and aluminium cans), closures (including products with easy-open technology) and tinplate aerosol cans. All of Eviosys' products are made of metal. Eviosys does not manufacture or supply RPC (or other paper packaging).
5. The CMA considered whether the Merger would lead to an SLC as a result of horizontal unilateral effects in the supply of metal cans and composite cans in the UK. The CMA found that the Parties are not close competitors in the supply of packaging products in the UK (specifically metal cans and composite cans) as their product offerings are not substitutable for most applications and there are other suppliers in each of these markets.
6. The CMA also considered whether the Merger would lead to an SLC as a result of input foreclosure arising from the supply by Eviosys of standalone metal can ends in Europe to composite can suppliers. The CMA found that the Merged Entity will not have the ability to foreclose its downstream rivals from accessing standalone metal can ends. The evidence suggests that there are alternative suppliers for metal can ends and that Eviosys lacks market power in the supply of metal can ends in the UK.
7. Finally, the CMA considered whether the Merger would lead to an SLC as a result of conglomerate effects arising from the linked sales of metal cans supplied by Eviosys with composite cans supplied by Sonoco. The CMA found that the Merged

Entity will not have the ability to foreclose its metal or composite competitors by linking sales of metal cans supplied by Eviosys with composite cans supplied by Sonoco. The evidence suggests that the minimal overlap of customers that procure both types of packaging solutions and customer procurement processes would limit its ability to link sales.

8. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

# ASSESSMENT

## PARTIES, MERGER AND MERGER RATIONALE

9. Sonoco is a US-based global manufacturer of industrial paper and consumer packaging products.<sup>1</sup> In the UK, Sonoco is predominantly active in the manufacture and supply of RPC products such as composite cans.<sup>2</sup> It does not supply or manufacture metal cans in the UK.<sup>3</sup> The turnover of Sonoco in 2023 was approximately \$6.8 USD billion worldwide and [§<] in the UK.<sup>4</sup>
10. Eviosys is a Switzerland-based manufacturer of metal packaging products servicing Europe, the Middle East and Africa.<sup>5</sup> The turnover of Eviosys in the UK in 2023 was [§<].<sup>6</sup> Eviosys does not manufacture or supply RPC (or other paper packaging).<sup>7</sup>
11. Sonoco has acquired 100% of the issued share capital of Titan Holdings I B.V., an indirect holding company of the Eviosys group, from entities managed by KPS Capital Partners LP and Crown Holdings, Inc.<sup>8</sup>
12. The Parties informed the CMA that the Merger was also the subject of review by competition authorities in the EU, Morocco and Turkey.<sup>9</sup>
13. The Parties submitted that the main strategic rationales for the Merger are:
  - (a) to allow Sonoco to expand its product offering into new geographies via Eviosys' complementary suite of metal packaging products, as well as to gain significant cost synergies in the procurement of metal raw materials and the consolidation of metal can end facilities in the US;<sup>10</sup> and
  - (b) to allow KPS Capital Partners to fully realise its investment in Eviosys in line with its investment strategy.<sup>11</sup>

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<sup>1</sup> Final Meger Notice submitted to the CMA on 23 October 2024 (FMN), paragraph 2.

<sup>2</sup> Sonoco also supplies In-Mould Labelling (IML) rigid plastic solutions in the UK (FMN, Appendix A), and metal can ends. However, on the basis of the evidence gathered by the CMA, in particular from calls with third parties (Note of a call with a third party, November 2024, paragraphs 1-3; Note of a call with a third party, November 2024, paragraphs 3-4) which confirmed that IML and metal are not close substitutes, the CMA did not identify any plausible competition concerns in respect of Sonoco's supply of IML rigid plastic solutions as a competitor to Eviosys' metal tinplate packaging, and therefore this is not discussed further in this Decision.

As regards the supply of metal can ends, Sonoco has a low share of supply ([0-5]% in 2023 in the UK and EEA, FMN, paragraph 254), and as such, this is not discussed further in this Decision.

<sup>3</sup> FMN, paragraph 2.

<sup>4</sup> FMN, paragraph 23.

<sup>5</sup> FMN, paragraph 25.

<sup>6</sup> FMM, paragraph 25.

<sup>7</sup> FMN, paragraph 3.

<sup>8</sup> FMN, paragraph 27; Sonoco website, 'Sonoco Completes Acquisition of Eviosys' (December 2024) ([Sonoco Products Company - Sonoco Completes Acquisition of Eviosys](#)) accessed on 6 December 2024.

<sup>9</sup> FMN, paragraph 29.

<sup>10</sup> FMN, paragraph 4, 47 and 73.

<sup>11</sup> FMN, paragraph 49.

14. The CMA considers that the Parties' internal documents support this rationale.<sup>12</sup>

## PROCEDURE

15. The CMA's mergers intelligence function identified the Merger as warranting an investigation.<sup>13</sup> The CMA announced the launch of its merger inquiry by notice to the Parties on 24 October 2024, gathering a significant volume of evidence from the Parties and other market participants (such as the Parties' competitors and customers) to better understand the competitive landscape and the impact of the Merger on competition.

## JURISDICTION

16. Sonoco and Eviosys are each an enterprise within the meaning of section 129 of the Act. As a result of the Merger, these two enterprises have ceased to be distinct.
17. The UK turnover of Eviosys exceeded £70 million in 2023, so the turnover test in section 23(1)(b) of the Act has been satisfied.
18. The CMA therefore believes that a relevant merger situation has been created.
19. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 25 October 2024 and the statutory 40 working day deadline for a decision is therefore 19 December 2024.

## COUNTERFACTUAL

20. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).<sup>14</sup>
21. In completed mergers, the counterfactual may consist of the pre-merger conditions of competition, or conditions of competition that involve stronger or weaker competition between the Parties to a merger than under the pre-merger conditions of competition.<sup>15</sup> In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.<sup>16</sup>

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<sup>12</sup> Sonoco's Internal Document, Annex 8.1.1 to the FMN, [REDACTED] May 2024', 2024. Eviosys' Internal Document, Annex 8.2.4 to the FMN, [REDACTED] July 18, 2024 [REDACTED] 2024.

<sup>13</sup> [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), 25 April 2024, paragraphs 6.4–6.6.

<sup>14</sup> [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.1.

<sup>15</sup> [CMA129](#), paragraph 3.2.

<sup>16</sup> [CMA129](#), paragraph 3.9.

22. In this case, the Parties submitted that the CMA should assess the competitive effects of the Merger against the then-current (ie pre-Merger) competitive situation.<sup>17</sup> The CMA has not received any evidence suggesting that the Merger should be assessed against an alternative counterfactual. Therefore, the CMA believes the pre-Merger conditions of competition to be the relevant counterfactual.

## COMPETITIVE ASSESSMENT

### Market definition

23. Where the CMA makes an SLC finding, this must be ‘within any market or markets in the United Kingdom for goods or services’. An SLC can affect the whole or part of a market or markets. Within that context, the assessment of the relevant market(s) is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.<sup>18</sup>
24. Market definition involves identifying the most significant competitive alternatives available to customers of the merger parties and includes the sources of competition to the merger parties that are the immediate determinants of the effects of the merger.
25. While market definition can be an important part of the overall merger assessment process, the CMA’s experience is that in most mergers, the evidence gathered as part of the competitive assessment, which will assess the potentially significant constraints on the merger parties’ behaviour, captures the competitive dynamics more fully than formal market definition.<sup>19</sup>

### Product market

26. The Parties overlap in the manufacture and supply of packaging products. In Europe, Sonoco is engaged predominantly in the manufacture and supply of RPC products (such as composite cans) and Eviosys in the manufacture and supply of metal packaging products, including metal can ends.
27. The CMA has considered whether it is appropriate to segment the packaging market by material type and between food and non-food applications. Given the vertical links between the Parties, the CMA has also considered whether metal can ends are a distinct product market from the manufacture and supply of metal packaging cans.

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<sup>17</sup> FMN, paragraph 92.

<sup>18</sup> [CMA129](#), paragraph 9.1.

<sup>19</sup> [CMA129](#), paragraph 9.2.

## *Composite and metal cans*

28. The Parties submitted that the packaging market should be segmented by packaging material,<sup>20</sup> and that this is consistent with the CMA decisional practice, which in previous cases did not consider narrower or wider markets were appropriate, and there have been no factual developments within the industry since those decisions.<sup>21</sup>
29. The CMA considers that the available evidence does not support a wider frame of reference that includes both composite and metal types of packaging. Specifically:
- (a) According to the Parties' internal documents, Eviosys consistently monitored metal can competitors and not other types of packaging.<sup>22</sup> Sonoco consistently monitored composite can competitors, and tinplate metal can suppliers are mentioned much less often.<sup>23</sup>
  - (b) Third parties do not consider metal and composite cans substitutable for most products. While switching may be possible for a limited number of products, each substrate appears to have distinct qualities and applications:
    - (i) Composite cans are better for dry contents, have significantly lower costs of production, and food products cannot be processed inside the packaging;
    - (ii) Metal cans can handle wet contents and food products can be processed inside the packaging (ie retort) but have significantly higher costs of production.<sup>24</sup>
  - (c) Those customers that can and do use both substrates for the same product (as is the case, for example, for some customers of 'brown products' such as coffee) noted that using metal has higher costs, and as such composite is often preferred for products that can be packaged in both materials.<sup>25</sup>
30. On the basis of this evidence, the CMA considered that the appropriate markets are the supply of metal cans and the supply of composite cans separately. However, alternative packaging formats have been considered, where appropriate, in the competitive assessment.<sup>26</sup>

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<sup>20</sup> FMN, paragraphs 111-113.

<sup>21</sup> FMN, paragraph 113.

<sup>22</sup> Eviosys' Internal Document, Annex 9.2.1 to the FMN, [redacted] 2023.

<sup>23</sup> Metal food cans may be made from tinplate (tin coated steel) or aluminium (FMN, paragraph 109). Sonoco's Internal Document, Annex 9.1.1 to the FMN, [redacted], 2023, slide 86, 88-93.

<sup>24</sup> Note of a call with a third party, September 2024, paragraph 22.

<sup>25</sup> Response to the CMA questionnaire from a third party, November 2024, question 8; note of a call with a third party, October 2024, paragraphs 15 and 16.

<sup>26</sup> The CMA found some evidence, although very limited, that IML could be used as an alternative to composite or metal cans in very limited circumstances. However, according to the available evidence, IML packaging is not monitored by the



### *Food and non-food applications*

31. The Parties submitted that the market should be segmented by food and non-food applications, as this is consistent with the CMA decisional practice.<sup>27</sup>
32. Based on the evidence received from third parties,<sup>28</sup> and following previous CMA decisional practice,<sup>29</sup> the CMA has further segmented the packaging market between food and non-food applications.<sup>30</sup>

### *Standalone metal can ends*

33. The Parties submitted that standalone metal can ends are a distinct product market, but that the precise product market definition can be left open, as the Merger will not result in a SLC in respect of the supply of standalone metal can ends on any plausible basis.<sup>31</sup>
34. On the basis of the evidence gathered in this investigation, and in particular, submissions from third parties,<sup>32</sup> the CMA considered that the appropriate market is the supply of standalone metal can ends. However, it has not been necessary for the CMA to reach a conclusion on this product market given that the Merger does not give rise to a realistic prospect of an SLC on any plausible basis.

### **Geographic Market**

35. The Parties submitted that the most appropriate geographic market for the supply of composite and metal food cans is UK wide. For stand alone can ends the Parties submitted that the geographic market is likely wider than national but that the precise definition can be left open.<sup>33</sup>
36. Regarding the markets for the supply of composite and metal cans, the Parties' internal documents and evidence received from third parties, indicates that the market is UK-wide. In particular, internal strategic documents discuss the importance of the location of manufacturing plants,<sup>34</sup> and third parties submitted

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Parties to any meaningful extent and most third parties would not consider IML packaging as an alternative to metal or paper cans. The CMA has therefore not considered the constraint from IML packaging further in this Decision.

<sup>27</sup> FMN, paragraphs 111-113.

<sup>28</sup> Third parties draw a clear distinction between food applications and non-food applications (such as spray paint, or secondary packaging). Note of a call with a third party, September 2024, paragraphs 1-2; Note of a call with a third party, September 2024, paragraph 2.

<sup>29</sup> [Completed acquisition by Sonoco Products Company, Inc of Can Packaging SAS](#), [ME/6902/2] (**Sonoco/Can Packaging**), paragraph 81-86.

<sup>30</sup> Given the lack of differences in the evidence received for food and non-food applications, the CMA has assessed both segments of the market as one without making this distinction in the competitive assessment.

<sup>31</sup> FMN, paragraph 123.

<sup>32</sup> Third parties identified the production and the sale of can ends as a separate process. Note of a call with a third party, September 2024, paragraphs 23, 31 and 32; Note of a call with a third party, September 2024, paragraphs 10-11.

<sup>33</sup> FMN, paragraph 125.

<sup>34</sup> Sonoco's Internal Document, Annex 9.1.2 to the FMN, [3<] | June 2024', 2023, slide 23.

that transport costs are a barrier to importing composite cans and most metal cans due to the transportation of predominantly air once the cans are built.<sup>35</sup>

37. Regarding the supply of metal can ends, third parties viewed the geographic market as EEA and UK wide. This is because standalone metal can ends can be transported cost-effectively over long distances.<sup>36</sup>

### **Conclusion on frame of reference**

38. For the reasons set out above, the CMA has therefore assessed the impact of the Merger in the supply of:
- (a) metal cans for food applications in the UK;
  - (b) metal cans for non-food applications in the UK;
  - (c) composite cans for food applications in the UK;
  - (d) composite cans for non-food applications in the UK; and
  - (e) standalone metal can ends in the EEA and UK.

### **Theories of harm**

39. The CMA assesses the potential competitive effects of mergers by reference to theories of harm. Theories of harm provide a framework for assessing the effects of a merger and whether or not it could lead to an SLC relative to the counterfactual.<sup>37</sup>
40. In its investigation of this Merger, the CMA has considered the following theories of harm:
- (a) horizontal unilateral effects in the supply of packaging products in the UK;
  - (b) input foreclosure arising from the supply by Eviosys of standalone metal can ends in Europe to composite can suppliers;<sup>38</sup> and
  - (c) conglomerate effects arising from the linked sales of metal cans supplied by Eviosys with composite cans supplied by Sonoco.

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<sup>35</sup> Note of a call with a third party, September 2024, paragraph 19-20; Note of a call with a third party, September 2024, paragraph 6; Note of a call with a third party, September 2024, paragraph 21.

<sup>36</sup> Note of a call with a third party, September 2024, paragraph 6-7; Note of a call with a third party, September 2024, paragraph 10-11.

<sup>37</sup> [CMA129](#), paragraph 2.11.

<sup>38</sup> The CMA also considered whether the Parties could undertake a customer foreclosure strategy post-Merger. However, the CMA did not identify any plausible competition concerns given Sonoco's share of procurement of metal can ends is low ([0-5]% of all standalone metal can ends procurements in the UK in 2023, FMN, paragraph 245).

41. Each theory of harm is considered below.<sup>39</sup>

### **Horizontal unilateral effects in the supply of different packaging products in the UK**

42. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity to profitably raise prices or to degrade quality on its own and without needing to coordinate with its rivals.<sup>40</sup> Horizontal unilateral effects are more likely when the parties to a merger are close competitors.<sup>41</sup>
43. Typically, the CMA examines horizontal effects in the context of an overlap between two or more of the Parties' products which are within the same market. However, in this case, given that the Parties' may have a degree of market power within each of several adjacent markets, the CMA has considered horizontal effects arising from the loss of out of market constraints on these markets as a result of the Merger.
44. The CMA has therefore assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the supply of:
- (a) metal cans for food applications in the UK;
  - (b) metal cans for non-food applications in the UK;
  - (c) composite cans for food applications in the UK; and
  - (d) composite cans for non-food applications in the UK.
45. Given that the Parties do not overlap in the same market, the CMA combined its assessment of the strength of the Merger's horizontal effects in all of these adjacent markets. The remainder of this section therefore describes:
- (a) shares of supply;
  - (b) closeness of competition;
  - (c) competitive constraints in metal cans; and

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<sup>39</sup> Sonoco also supplies IML rigid plastic solutions in the UK (FMN, Appendix A). However, on the basis of the evidence gathered by the CMA, in particular from calls with third parties (Note of a call with a third party, November 2024, paragraphs 1-3; Note of a call with a third party, November 2024, paragraphs 3-4) which confirmed that IML and metal are not close substitutes, the CMA did not identify any plausible competition concerns in respect of Sonoco's supply of IML rigid plastic solutions as a competitor to Eviosys' metal tinsplate packaging, and therefore this is not discussed further in this Decision. Additionally, the CMA also considered whether the Merger could have raised horizontal unilateral effects in the supply of metal can ends in the EEA, since Sonoco supplies metal can ends in the EEA but not in the UK (FMN, paragraph 254-255). However, the CMA did not identify any plausible competition concerns given Sonoco's share of supply of metal can ends is low ([0-5]% in 2023 in the UK and EEA, FMN, paragraph 254).

<sup>40</sup> [CMA129](#), paragraph 4.1.

<sup>41</sup> [CMA129](#), paragraph 4.8.

- (d) competitive constraints in composite cans.

### *Shares of supply*

46. Shares of supply can be useful evidence when assessing closeness of competition, particularly when there is persuasive evidence as to which potential substitutes should be included or excluded or when the degree of differentiation between firms is more limited. In such circumstances, a firm with a higher share of supply is more likely to be a close competitor to its rivals.<sup>42</sup>
47. In other cases, such as where the boundaries of the market are not as clear-cut or where there is a high degree of differentiation, the CMA may rely to a greater extent on other sources of evidence. Where products are more differentiated or customer preferences are more diverse, shares of supply may not provide evidence on the closest alternatives available to the Merger firms' customers as these may be different from the products that achieve the greatest sales across a wider body of customers.<sup>43</sup>
48. Given that the Parties produce different products and therefore do not overlap in their activities, the CMA considered shares of supply to understand the broad position of each firm in their respective market. The Parties have provided estimates of their market shares in both composite and metal can markets in the UK, both for food and non-food applications:
- (a) The Parties submitted that Eviosys' share of supply for metal food cans in the UK is between [40-50]% by volume and between [40-50]% by value in 2023.<sup>44</sup> Additionally, Eviosys' share of supply for metal non-food cans in the UK is [10-20]% by volume and between [10-20]% by value in 2023.<sup>45</sup> Sonoco does not supply metal cans in the UK, food or non-food.
- (b) The Parties submitted that Sonoco's share of supply for composite food cans in the UK is between [60-70]% and [70-80]% by volume and between [60-70]% and [70-80]% by value in 2023.<sup>46</sup> Additionally, Sonoco's share of supply for composite non-food cans in the UK is [0-5]% by volume and between [0-5]% by value in 2023.<sup>47</sup> Eviosys does not supply composite cans in the UK, food or non-food.

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<sup>42</sup> [CMA129](#), paragraph 4.14.

<sup>43</sup> [CMA129](#), paragraph 4.15.

<sup>44</sup> Market shares were estimated based on a range of assumptions about market sizes and competitors' prices. Parties' response to the CMA's Request for Information, November 2024 (RFI 4, Question 3), Annex RFI4.1.

<sup>45</sup> Market shares were estimated based on a range of assumptions about market sizes and competitors' prices. Parties' response to the CMA's Request for Information, November 2024 (RFI 4, Question 3), Annex RFI4.1.

<sup>46</sup> Market shares were estimated based on a range of assumptions about market sizes and competitors' prices. Parties' response to the CMA's Request for Information, November 2024 (RFI 4, Question 3), Annex RFI4.1.

<sup>47</sup> Market shares were estimated based on a range of assumptions about market sizes and competitors' prices. Parties' response to the CMA's Request for Information, November 2024 (RFI 4, Question 3), Annex RFI4.1.

49. As part of its merger investigation, the CMA requested competitors' data on the number of metal cans sold and revenues for both food and non-food purposes. However, the CMA received incomplete information from third parties and was not able to verify the market shares submitted by the Parties. Furthermore, the CMA considers that metal and composite cans are separate markets such that shares of supply are not informative of the competitive interactions between products.<sup>48</sup>
50. For these reasons the CMA has placed limited weight on the exact shares of supply in its competitive assessment but recognised each party is significant in its respective market. The CMA has considered a range of other evidence, discussed further below, to assess the closeness of competition between the Parties and the competitive constraints imposed on the Parties by their competitors.

### *Closeness of competition*

#### *Parties' submission*

51. The Parties submitted that the Merger will not result in horizontal unilateral effects in the supply of metal cans in the UK.<sup>49</sup> The Parties argue that there is no overlap between the Parties' offering and therefore there cannot be any horizontal unilateral effects in the supply of metal cans.<sup>50</sup>
52. In particular, the Parties submitted that composite packaging does not exert any competitive pressure on metal packaging suppliers.<sup>51</sup> The vast majority of the Parties' customers do not procure both substrates, and the only customers who do so procure their packaging for different applications and through completely separate teams.<sup>52</sup>

#### *Tender data*

53. The Parties submitted that they do not systematically record tender data, and therefore cannot provide a complete dataset. This is because most of their interactions with customers do not happen through formal RFQs, but rather through ad-hoc interactions and negotiations.<sup>53</sup> However, to support their submission that they rarely compete for the same tenders, they submitted some bidding data.
54. The CMA notes that the Parties competed for the same customers in [redacted] instances, in the last three years. These opportunities related to brown products,

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<sup>48</sup> Merger Assessment Guidelines, paragraph 5.3.2.

<sup>49</sup> FMN, paragraph 7.

<sup>50</sup> FMN, paragraph 127 and 131.

<sup>51</sup> FMN, paragraph 234.

<sup>52</sup> FMN, paragraph 336 and 349.

<sup>53</sup> FMN, paragraphs 188, 196, 218-223.

which can be packed in metal or composite cans.<sup>54</sup> However, customers confirmed that composite and metal cans are not highly substitutable, mainly because of the high cost of metal cans.<sup>55</sup> The CMA has not placed significant weight on this evidence given its incomplete nature.<sup>56</sup>

### *Internal documents*

55. The CMA notes that the internal documents of the Parties rarely mention each other:
- (a) Eviosys' internal strategic documents very rarely mention Sonoco and suggest that they do not monitor Sonoco's activity. Eviosys monitors the activity of metal competitors such as [X], but do not mention [X] competitive pressure from composite can suppliers.<sup>57</sup> While they mention the fact that "alternative packaging" products are gaining market share, they do not refer specifically to composite cans.<sup>58</sup>
  - (b) Sonoco's internal strategic documents very rarely mention Eviosys and do not monitor Eviosys' activity.<sup>59</sup> Sonoco mostly monitors the activity of composite competitors but also discusses "conversions" in some documents.<sup>60</sup> In particular, Sonoco's documents describe converting metal can customers to paper [X].<sup>61</sup>

### *Third-party evidence*

56. As part of its merger investigation, the CMA asked the Parties' customers how feasible it is to switch across suppliers and products in the UK and their switching history.<sup>62</sup> No respondents indicated switching from metal to composite can bodies or the opposite way around.<sup>63</sup> In fact, the majority of composite can customers explained that only composite cans are suitable for their products.<sup>64</sup>

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<sup>54</sup> This possibility is discussed earlier in paragraph 29(c).

<sup>55</sup> In Annex II of the FMN, Eviosys recorded the reason for losing the bid [X]. This observation on price differential between composite and metal cans has been confirmed during third-party calls (Note of a call with a third party, November 2024, paragraphs 3).

<sup>56</sup> The Parties submitted that their bidding data is incomplete as a high proportion of their sales do not go through a formal RFQ or tender process (FMN, paragraphs 188, 196, 218-223). The Parties identified an additional overlapping opportunity for the supply of packaging for [X]. As mentioned in footnote 26, the CMA did not investigate this further based on evidence received from third parties (November 2024) which confirmed that these products are not close substitutes.

<sup>57</sup> Eviosys' Internal Document, Annex 9.2.1 to the FMN, [X] 2023.

<sup>58</sup> Eviosys' Internal Document, Annex 9.2.4 to the FMN, [X], 2022, slide 46.

<sup>59</sup> For example, Eviosys is not identified as a competitor in Europe in Sonoco's Internal Document, Annex 9.1.1 to the FMN [X] 2023, slide 86, 88-93.

<sup>60</sup> Sonoco's Internal Document, Annex 9.1.16 to the FMN, [X], 2019, slide 13.

<sup>61</sup> For example, Sonoco mentions that [X] in Sonoco's Internal Document, Annex 9.1.6 to the FMN [X] 2023, slide 31. Other opportunities related to [X], are discussed in Sonoco's annexes 9.1.7, 9.1.8, 9.1.9, 9.1.14, 9.1.20, 9.1.27, 9.1.28, 9.1.31.

<sup>62</sup> Response to the CMA questionnaire from a third party, October 2024, question 4 and question 6.

<sup>63</sup> Response to the CMA questionnaire from a third party, October 2024, question 6.

<sup>64</sup> Response to the CMA questionnaire from a number of third parties, October 2024, question 8.

57. These patterns are in line with the procurement process described by competitors and customers. Third parties explained that customers have generally chosen the substrate prior to issuing a Request for Quotation (**RFQ**) and considering any supplier.<sup>65</sup> The choice of substrate is mostly driven by brand and product positioning, the type of product being packaged and recipe process.<sup>66</sup> For example, products that require a retort process will only be packaged in metal packaging, while fresh food will likely be generally packaged in plastic solutions.<sup>67</sup>
58. Third parties explained that there are some products that can be packaged in both metal and composite cans, such as brown products (ie coffee, chocolate powder or chocolates).<sup>68</sup> However, according to third parties, composite cans are not a direct alternative to metal cans even for these product segments, as metal packaging is often associated with a premium branding due to its higher cost and the production process both for suppliers and customers is significantly different which would involve considerable structural changes to the manufacturing processes.<sup>69</sup> While such changes (from metal to composite cans) are possible, third parties indicated that they would not engage in a such a costly process as a result of a small price change, but rather as part of a larger rebranding process or other wider objectives, such as environmental.<sup>70</sup> The CMA therefore considers that those instances in which customers would swap from metal to composite cans are not driven by the Parties or suppliers of packaging solutions more generally, but by factors outside the Parties' control, such as significant changes in the overall tinplate prices or customers' environmental considerations.

#### *Conclusion on closeness of competition*

59. On the basis of the above evidence, the CMA considers that the Parties compete to a very limited extent.

#### *Competitive constraints in metal cans*

60. The Parties submitted that Sonoco is not active in the supply of metal cans in the UK, and that Eviosys faces competition [X] from metal can producers, such as [X].<sup>71</sup> They explained that Sonoco does not compete with Eviosys [X].<sup>72</sup> They further explained that part of the Merger rationale is for Sonoco to expand its metal packaging activity to Europe.<sup>73</sup>

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<sup>65</sup> Note of a call with a third party, September 2024, paragraph 16.

<sup>66</sup> Note of a call with a third party, September 2024, paragraph 21-23.

<sup>67</sup> Note of a call with a third party, October 2024, paragraphs 18 and 19.

<sup>68</sup> Note of a call with a third party, September 2024, paragraph 21.

<sup>69</sup> Note of a call with a third party, October 2024, paragraphs 15 and 16; Note of a call with a third party, September 2024, paragraphs 27-29.

<sup>70</sup> Note of a call with a third party, September 2024, paragraphs 3 and 29.

<sup>71</sup> FMN, paragraph 16.

<sup>72</sup> FMN, paragraph 94.

<sup>73</sup> FMN, paragraph 73.

61. As discussed in paragraph 55, Eviosys monitors the activity of metal can competitors such as [X] but does not mention [X] competitive pressure from composite cans.<sup>74</sup>
62. Most third parties identified Eviosys, Trivium and Silgan as the key competitors in the supply of metal cans in the UK (and more broadly in Europe).<sup>75</sup> Both competitors and customers also identified other additional suppliers of metal cans such as CanPack.<sup>76</sup> Additionally, customers identified Ball as an alternative supplier of metal cans,<sup>77</sup> and some competitors identified Envases Universales and Massilly as other metal can suppliers.<sup>78</sup> However, no third party mentioned Sonoco as an alternative.<sup>79</sup>

#### *Conclusion on competitive constraints in metal cans*

63. Overall, the CMA considered that although Eviosys faces few large rivals, its strongest constraints are Trivium and Silgan. It is also constrained to a lesser extent by smaller suppliers.

#### *Competitive constraints in composite cans*

64. The Parties submitted that the Merger will not result in horizontal unilateral effects in the supply of composite cans in the UK. Specifically, the Parties submitted that:
- (a) Sonoco faces competition only from composite can producers, such as Corex and AR Packaging.<sup>80</sup> They explained that Eviosys is not active in the supply of composite cans.
  - (b) The vast majority of Sonoco's customers do not procure both metal and composite cans, and the only customers who do so procure their packaging for different applications and through completely separate teams.<sup>81</sup>
65. Both competitors and customers identified Sonoco as the leader in composite cans in the UK. They also mentioned some smaller suppliers of composite cans,

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<sup>74</sup> Eviosys' Internal Document, Annex 9.2.1 to the FMN, [X], 2023.

<sup>75</sup> Note of a call with a third party, September 2024, paragraph 28; Note of a call with a third party, September 2024, paragraphs 28 and 35; Note of a call with a third party, September 2024, paragraphs 23 and 24; Response to the CMA questionnaire from a number of third parties, October 2024, question 6.

<sup>76</sup> These were mentioned by customers and competitors but do not currently supply firms in the UK. Response to the CMA questionnaire from a number of third parties, October 2024, question 6.

<sup>77</sup> These were mentioned by customers but do not currently supply firms in the UK. Response to the CMA questionnaire from a number of third parties, October 2024, question 6.

<sup>78</sup> These were mentioned by competitors but do not currently supply firms in the UK. Response to the CMA questionnaire from a third party, October 2024, question 6.

<sup>79</sup> Response to the CMA questionnaire from a third party, October 2024, question 6.

<sup>80</sup> FMN, paragraph 333.

<sup>81</sup> FMN, paragraphs 292-293.



such as Corex and Graphic Packaging.<sup>82</sup> No third party mentioned Eviosys as an alternative for composite packaging customers in Europe (including the UK).

66. As part of its merger investigation, the CMA asked packaging customers to describe the alternative packaging types and suppliers they considered in the past five years to identify potential alternatives. Most customers identified Sonoco and Graphic Packaging as the main suppliers of composite cans with the majority of the respondents having procured composite cans from these suppliers in the past three years.<sup>83</sup> They also identified a new entrant into composite cans, Corex.<sup>84</sup>

#### *Conclusion on competitive constraints in composite cans*

67. Overall, the CMA considers that Sonoco is the main supplier of composite cans in the UK. However, it faces competition from smaller composite can suppliers such as Corex and Graphic Packaging.

#### *Conclusion on horizontal unilateral effects*

68. For the reasons set out above, the CMA considers that the Parties do not compete closely in the UK as their products are rarely alternatives for the same customers. The CMA also believes that Eviosys will face closer competition from large suppliers of metal cans such as Silgan and Trivium. Finally, the CMA believes Sonoco will still face some competition from other composite can suppliers.
69. For the reasons set out above, the CMA believes that the Merger will not result in the elimination of a competitive constraint in the market for the supply of metal or composite cans. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of:
- (a) metal cans for food applications in the UK;
  - (b) metal cans for non-food applications in the UK;
  - (c) composite cans for food applications in the UK; or
  - (d) composite cans for non-food applications in the UK.

#### **Input foreclosure arising from the supply by Eviosys of standalone metal can ends in the EEA and UK to composite can suppliers**

70. The concern with an input foreclosure theory of harm is that the merged entity may use its control of an important input to harm its downstream rivals'

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<sup>82</sup> Note of a call with a third party, September 2024, paragraph 22.

<sup>83</sup> Response to the CMA questionnaire from a number of third parties, October 2024, question 6.

<sup>84</sup> Response to the CMA questionnaire from a third party, October 2024, question 6.

competitiveness, for example by refusing to supply the input (total foreclosure) or by increasing the price or worsening the quality of the input supplied to them (partial foreclosure). This might then harm overall competition in the downstream market, to the detriment of customers. This may occur irrespective of whether the Parties to a merger have a pre-existing commercial relationship.

71. Eviosys supplies standalone metal can ends to customers that may combine them with metal or composite can bodies such as the ones supplied by Sonoco. Sonoco does not produce any standalone metal can ends in the UK, but procures a very small proportion of metal can ends from third parties which are used in its composite food cans sold in the UK.<sup>85</sup> The CMA has assessed whether the Merged Entity would (i) refuse to supply metal can ends to rival suppliers of composite cans (total foreclosure); or (ii) increase the price or worsen the quality of metal can ends supplied to rival suppliers of composite cans (partial foreclosure).
72. The CMA's approach to assessing an input foreclosure theory of harm is to analyse (a) the ability of the merged entity to harm the competitiveness of its downstream rivals; (b) the incentive to do so; and (c) the overall effect of the strategy on competition.<sup>86</sup>

### *Ability*

73. The Parties submitted that the Merged Entity would not have the ability to foreclose competitors of composite cans by refusing to supply or deteriorating the terms of its supply of standalone metal can ends in the UK.<sup>87</sup> The Parties submitted that they lack any upstream market power and there are several alternative suppliers that would continue to compete aggressively.<sup>88</sup> The Parties submitted that Eviosys' share of supply of standalone metal can ends in the EEA and UK was [5-10]% in 2023.<sup>89</sup>
74. Furthermore, the Parties submitted that there is a trend away from multi-substrate packaging due to both EU regulations and general sustainability trends.<sup>90</sup> Single substrate packaging can be recycled more easily, and the Parties submitted that composite cans with metal ends will no longer comply with EU regulation by 2030.<sup>91</sup> This is consistent with evidence received from third parties: two customers

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<sup>85</sup> FMN, paragraph 245.

<sup>86</sup> CMA129, paragraph 7.10.

<sup>87</sup> FMN, paragraph 251.

<sup>88</sup> FMN, paragraph 263 and 264.

<sup>89</sup> Parties' response to the CMA's Request for Information, October 2024 (RFI 3, Question 1).

<sup>90</sup> FMN, paragraph 271.

<sup>91</sup> FMN, paragraph 271.

submitted that they had recently switched from metal can ends to paper can ends to ensure their product's packaging is easily recyclable.<sup>92</sup>

75. Most third parties, both competitors and customers, submitted that they do not consider Eviosys as a key input provider of metal can ends. Based on the information the CMA received from third parties, the CMA was able to verify that the Eviosys' shares of supply were no higher than the Parties' estimate.<sup>93</sup> Furthermore, most metal can competitors submitted that they produce their own metal can ends,<sup>94</sup> with some acknowledging that multi-sourcing is a common practice.<sup>95</sup> Some customers also explained that they had their own can making capacity, including for can ends.<sup>96</sup> Third parties submitted that any European, and even some global players, could compete with the Merged Entity.<sup>97</sup>

### **Conclusion on input foreclosure**

76. Based on the available evidence, the CMA found that the Merged Entity would lack the ability to foreclose its downstream rivals from accessing standalone metal can ends. The evidence suggests that there are alternative suppliers for metal can ends and that the metal can ends Eviosys supplies are unlikely to play an important role in shaping competition in the downstream market.
77. In light of the conclusion that the Merged Entity would not have the ability to pursue a foreclosure strategy, the CMA has not considered the Parties' incentives or the effects of such strategy on competition.
78. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in relation to this theory of harm.

### **Conglomerate effects arising from linked sales of metal cans supplied by Eviosys with composite cans supplied by Sonoco.**

79. The concern with a conglomerate theory of harm is that the merged entity may restrict its rivals in one 'focal' market from accessing customers using its strong position in an 'adjacent' market.<sup>98</sup> The merged entity could do this through linking the sales of the two products in some way, thereby encouraging customers who

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<sup>92</sup> Response to the CMA questionnaire from a number of third parties, October 2024, question 6; A third party also mentioned its current discussions with Sonoco for more sustainable packaging (Note of a call with a third party, September 2024, paragraph 6).

<sup>93</sup> However, the CMA received incomplete information from third parties and was not able to verify the exact market shares submitted by the Parties. Response to the CMA questionnaire from a number of third parties, October 2024, question 3.

<sup>94</sup> Note of a call with a third party, September 2024, paragraphs 5, 26 and 32.

<sup>95</sup> Note of a call with a third party, October 2024, paragraphs 5, 10, 21 and 22; Note of a call with a third party, September 2024, paragraph 18.

<sup>96</sup> Note of a call with a third party, September 2024, paragraphs 7 and 8.

<sup>97</sup> Note of a call with a third party, September 2024, paragraph 6; Note of a call with a third party, September 2024, paragraph 33-34; Note of a call with a third party, October 2024, paragraph 13.

<sup>98</sup> This can also apply to leveraging between different segments of the same market as well as between different markets.

want its product in the adjacent market to also purchase its product in the focal market, at the expense of rivals.

80. This loss of sales by competitors is not problematic in and of itself, and linked sales of related products can result in efficiencies. However, competition concerns may arise if such a strategy would result in rivals in the focal market becoming less effective competitors, which may result in higher prices or lower quality in the longer term.
81. The CMA's approach to assessing a conglomerate theory of harm is to analyse (a) the ability of the merged entity to link the sales of the products and harm the competitiveness of its downstream rivals; (b) the incentive to do so; and (c) the overall effect of the strategy on competition.<sup>99</sup>
82. The CMA has considered these cumulative conditions below. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of conglomerate effects in the supply of metal cans on the one hand and in the supply of composite cans on the other hand. These are two separate theories of harm. However, both depend upon the ability of the Merged Entity to link the sales of the two products, and as described below the CMA considers that this condition is not met in either case.

### *Ability*

#### *Parties' submissions*

83. The Parties submitted that they do not have the ability to foreclose rival suppliers of metal cans,<sup>100</sup> nor do they have the ability to foreclose rival suppliers of composite cans.<sup>101</sup> In particular, they explained that:
  - (a) only very few customers procure both types of cans and therefore could be targeted by such a strategy.<sup>102</sup> These few customers represent only a small portion of Eviosys' revenues and is likely to be the case for competitors as well. Therefore, such a foreclosure strategy would fail to extract a significant portion of sales from competitors, and would also bring only little gains;<sup>103</sup>
  - (b) the structure of the procurement process would not allow such a bundling strategy, as even where a customer procures both types of packaging, the procurement process is generally handled by separate teams which would

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<sup>99</sup> [CMA129](#), paragraph 7.30–7.32.

<sup>100</sup> FMN paragraph 372.

<sup>101</sup> FMN paragraph 323.

<sup>102</sup> FMN, paragraphs 16 and 304.

<sup>103</sup> FMN paragraphs 340 and 381.

have no visibility over the requirements or the needs of the company for both types of cans;<sup>104</sup>

- (c) the Merged Entity's proposed organisation post-Merger would not allow for such combined offering; and
- (d) while Sonoco is the leader in the supply of composite cans, there are very strong competitors in the metal can market, such as Silgan and Trivium, which could defeat the foreclosure strategy.<sup>105</sup>

### *Internal documents*

84. According to the Parties' internal documents, the rationale for the Merger is to expand Sonoco's metal business to Europe.<sup>106</sup> This rationale is in line with goals of geographic expansion mentioned in pre-Merger strategic documents.<sup>107</sup> The documents reviewed by the CMA made no mention of an integrated or bundled offering either in the UK, Europe or the USA (where Sonoco is active in both metal and composite cans).

### *Third party views*

85. The majority of customers contacted by the CMA indicated that they procure only one type of packaging, and therefore have no interest in a bundled offering.<sup>108</sup> Only a limited share of Eviosys' customers could be affected by such a foreclosure strategy, given that customers also procuring composite paper cans only represent [10-20]% of Eviosys' 2023 revenues in the UK.<sup>109</sup> More generally, the majority of customers indicated that having a portfolio of different packaging materials was not an important factor in choosing a supplier and do not find the capacity of their supplier to procure other substrates relevant.<sup>110</sup>
86. Furthermore, competitors and customers confirmed that the procurement process for composite cans and metal cans is entirely separate.<sup>111</sup> Customers typically procure these through a systematic RFQ process, involving mid-term contracts and minimising switching to avoid risks of disruption.<sup>112</sup> Customers who purchased both metal and composite cans explained that these products are procured by entirely separate teams in charge of different applications.<sup>113</sup> Some customers

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<sup>104</sup> FMN, paragraph 292.

<sup>105</sup> FMN paragraphs 376-377.

<sup>106</sup> Sonoco's Internal Document, Annex 8.1.1 to the FMN, [X] May 2024', 2024, slide 6.

<sup>107</sup> Sonoco identified their strategic goal as [X] in Sonoco's Internal Document, Annex 9.1.1 to the FMN, [X] 2023, slide 104.

<sup>108</sup> Response to the CMA questionnaire from a number of third parties, October 2024, question 3.

<sup>109</sup> Parties' response to the CMA's Request for Information, October 2024 (RFI 4, revised response to RFI1 Question 24).

<sup>110</sup> Response to the CMA questionnaire from a number of third parties, October 2024, question 5 and 10.

<sup>111</sup> None of the customers who responded to the CMA's investigation had ever purchased composite and metal cans as a bundle previously. Response to the CMA questionnaire from a number of third parties, October 2024, question 10.

<sup>112</sup> Note of a call with a third party, September 2024, paragraph 8-10; Note of a call with a third party, September 2024, paragraph 15.

<sup>113</sup> Note of a call with a third party, September 2024, paragraph 19.

indicated a foreclosure strategy would be difficult to implement or would not be successful, given that there would be other alternative suppliers available.<sup>114</sup>

### **Conclusion on conglomerate effects**

87. For the reasons set out above, the CMA believes that the Merged Entity would not have the ability to foreclose either its metal can or composite can competitors through linked sales.
88. In light of the conclusion that the Merged Entity would not have the ability to foreclose, the CMA has not considered the Parties' incentive or the effect of such a strategy on competition.
89. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of conglomerate effects in the supply of:
  - (a) metal cans for food applications in the UK;
  - (b) metal cans for non-food applications in the UK;
  - (c) composite cans for food applications in the UK; or
  - (d) composite cans for non-food applications in the UK.

## **ENTRY AND EXPANSION**

90. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. The CMA will consider entry and/or expansion plans of rivals who do so in direct response to the Merger as a countervailing measure that could prevent an SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.<sup>115</sup>
91. As the CMA has concluded that the Merger does not give rise to competition concerns, it is not necessary to consider countervailing factors in this Decision.

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<sup>114</sup> Response to the CMA questionnaire from a number of third parties, October 2024, question 11; Note of a call with a third party, September 2024, paragraphs 22 and 24.

<sup>115</sup> [CMA129](#), paragraph 8.31.

## **DECISION**

92. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
93. The Merger will therefore not be referred under section 22(1) of the Act.

**Oliver Norden**  
**Director, Mergers**  
**Competition and Markets Authority**  
**12 December 2024**