



Determination of the Competition Authority

Determination No. M/03/008 of the Competition Authority, dated 21 May 2003 , under Section 21 of the Competition Act, 2002

Notification No. M/03/008 – Acquisition of Airborne Inc by DHL Worldwide Express B.V.

Introduction

1. On 25 April 2003 the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby DHL Worldwide Express B.V. (DHL), which is a wholly owned subsidiary of Deutsche Post AG (DPAG), would acquire Airborne Inc (Airborne).
2. The transaction only relates to the freight and parcel delivery services of Airborne. In advance of the consummation of the transaction, Airborne will separate out its ground* and air transportation assets and liabilities into a separate entity which will be wholly owned by Airborne’s current shareholders.

The Parties

3. DPAG is a public limited company incorporated under German law. Its major shareholder is the Federal Republic of Germany. DHL and other affiliates of the DPAG group including Danzas Ltd are engaged in the provision of international express delivery of parcels and documents, international express delivery of freight, international freight forwarding, domestic freight forwarding and/or international business mail within the State.
4. Airborne is a publicly traded company incorporated under Delaware (USA) law. Airborne operates as a full service international freight forwarder of air, ocean, and express shipments worldwide and is a significant competitor in the provision of overnight parcel carrier services in the United States. Within the State, Airborne is represented by an independently owned company that purchases transportation services from Airborne’s worldwide express network and resells these services to local Irish customers. Within Ireland, Airborne is represented in the provision of international express delivery of parcels and documents, international express delivery of freight and international freight forwarding.

Analysis

5. The information provided by parties and discussions with customers indicate that while the DPAG group has a strong presence in international parcel, document and freight services in Ireland, Airborne does not currently have a strong presence in any of these services within the State. Despite its strong presence in the United States, its market share is estimated to be less than 1% in each area of operation within the State. In addition, there are a number of other significant competitors within each relevant area of operation including United Parcel Services and Fedex who will continue to provide significant competition to the DPAG group in those areas post merger.



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Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Terry Calvani
Member of the Competition Authority

21 May 2003



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ADDENDUM*

In notifying the Competition Authority of this transaction, the parties stated that in advance of the consummation of the transaction, Airborne will separate out its ground and airline assets and liabilities pursuant to a separation agreement so that ABX Air Inc., an existing subsidiary of Airborne that will not form part of the Transaction, will keep Airborne's aircraft business, the related maintenance equipment and selected contracts and liabilities. Subsequent to the Determination being made, DPAG requested that the Authority insert this addendum to clarify that in fact ground assets and liabilities relate to the parcel delivery business rather than aircraft business and would be sold to DHL.