

Beat: Miscellaneous

UPS withdraws \$7 billion bid for TNT Express

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USPA News - Package delivery company giant United Parcel Service, Inc. (UPS) on Monday announced that it will be withdrawing its \$5.2 billion (\$7.0 billion) bid to acquire TNT Express after the European Commission's (EC) decision to prohibit the proposed acquisition. The EC informed both UPS and TNT Express, an international courier delivery service company based in Hoofddorp, Netherlands, that it is working on a decision to prohibit the proposed acquisition of TNT Express, triggering UPS' withdrawal.

In a statement, UPS said it had submitted an initial remedies proposal on November 29, 2012 and subsequently revised the proposal twice. UPS, which is based in Atlanta, Georgia, began the competitive review process with the the European Union's antitrust watchdog, EC, in March 2012. "We are extremely disappointed with the EC's position," said Scott Davis, UPS Chairman and CEO. "We proposed significant and tangible remedies designed to address the EC's concerns with the transaction." Davis added that the combined company "would have been transformative for the logistics industry, bringing meaningful benefits to consumers and customers around the world, while supporting growth in Europe in particular." With the announcement, UPS also said it will be paying \$200 million to TNT Express as a termination fee, in addition to withdrawing its offer. UPS' statement comes despite the EC's decision has not been issued formally, although it is expected to be in the coming weeks. Previously, EC Vice President, Joaquin Almunia, who is in charge of competition policy, stated that the proposed acquisition "could in particular reduce competition for the provision of the fastest express delivery services, to the detriment of direct customers and ultimately of European consumers." Underlining that the small package delivery sector is strategic for several industries in Europe, Almunia added that the EC needed to assure competitive conditions for customers. The EC has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds and to prevent concentrations that would significantly impede effective competition in the European Economic Area or any substantial part of it.

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