



EUROPEAN COMMISSION  
DG Competition

***Case M.8421 - WESTROCK / MPS***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 18/05/2017

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## EUROPEAN COMMISSION

Brussels, 18.5.2017  
C(2017) 3528 final

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

**To the notifying party**

**Subject: Case M.8421 – WESTROCK / MPS  
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup> and Article 57 of the Agreement on the European Economic Area<sup>2</sup>**

Dear Sir or Madam,

- (1) On 7 April 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which WestRock Company ('WestRock', USA) acquires sole control within the meaning of Article 3(1)(b) of the Merger Regulation, of Multi Packaging Solutions International Limited ('MPS', Bermuda) by way of purchase of shares.<sup>3</sup> WestRock is designated as the 'Notifying Party'. WestRock and MPS are designated hereinafter as the 'Parties'.

### **1. THE PARTIES**

- (2) WestRock is a multinational provider of paper and packaging solutions for consumer and corrugated packaging markets. It provides a variety of packaging solutions to customers in the beauty and personal care, beverage, food,

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

<sup>2</sup> OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

<sup>3</sup> Publication in the Official Journal of the European Union No C 122, 19/04/2017, p. 18.

foodservice, healthcare, home and garden, retail and tobacco sectors. WestRock also manufactures paperboard.

- (3) MPS is active in the manufacture and sale of specialty packaging solutions. This includes premium folding cartons and packaging inserts, mainly for pharmaceutical goods, consumer goods and media purposes.

## **2. THE CONCENTRATION**

- (4) The proposed "Transaction" consists of the acquisition by WestRock of all the share capital of, and sole control over, MPS. The Transaction therefore constitutes a concentration pursuant to Article 3(1)(b) of the Merger Regulation.

## **3. EU DIMENSION**

- (5) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million [Westrock: EUR 12 762 million; MPS: EUR 1 500 million].<sup>4</sup> Each of them has an EU-wide turnover in excess of EUR 250 million [Westrock: EUR [...] million; MPS: EUR [...] million], but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

## **4. RELEVANT MARKETS**

### **4.1. Product market definition**

#### *4.1.1. Paperboard*

- (6) Paperboard is the raw product used to manufacture carton packaging products. Boards are made from either purely virgin fibres or from a mixture of recycled and virgin fibres. A distinction is normally made between four main categories of boards: solid bleached sulphate (SBS), coated natural kraft (CNK), folding box board (FBB) and white lined chipboard (WLC), which are typically used for different end applications. In previous decisions, the Commission considered that the market for the supply of paperboard could potentially be sub-segmented on the basis of relevant end-use, but it did not reach a definitive conclusion on the product market definition.<sup>5</sup>
- (7) The Notifying Party submits that the market for the supply of paperboard should not be further segmented.
- (8) The Commission considers that the final product market definition can be left open in this case as well as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

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<sup>4</sup> Turnover calculated in accordance with Article 5 of the Merger Regulation.

<sup>5</sup> M.4057 – Korsnas / Assidoman Carton board, paragraphs 13 and 22. M.1225 – Enso / Stora, paragraphs 18, 42 and 43.

#### 4.1.2. *Folding cartons*

- (9) In previous decisions the Commission defined folding carton packaging as multi-layered paperboard cartons which are printed/coated and cut into carton blanks. The carton blanks also incorporate creases, which enable the carton to be formed for packaging the customer's product. Folding cartons can be used to pack a wide range of products, such as cosmetics, tobacco, pharmaceuticals, etc. The Commission established that these products have different requirements for packaging, therefore the folding carton market could be further subdivided by end-use application.<sup>6</sup> For example, the Commission found that the tobacco end-application could be considered as a separate sub-segment because specifications for folding cartons used to package tobacco products are stricter and switching production from other end-uses is more difficult.<sup>7</sup>
- (10) The Notifying Party does not agree with this approach and considers that the relevant market is that for the production and supply of all types of folding cartons, without further subdivision by end-use. The Notifying Party has however provided market share data at end-use segment level.
- (11) The Commission's market investigation in this case suggests that folding cartons for pharmaceutical packaging and folding cartons for beverage packaging could plausibly be considered as separate markets, although a definitive conclusion in this respect cannot be reached.
- (12) As regards pharmaceutical products, respondents to the market investigation indicated that pharmaceutical producers may have specific requirements regarding the characteristics or quality of folding cartons used to package their products. For instance, cartons may have to be child resistant, be made of thicker board or have counterfeit properties, which folding cartons used for other applications do not necessarily display.<sup>8</sup>
- (13) From a supply-side perspective, the market investigation revealed that the technology and production process of folding cartons for different end-uses are broadly similar.<sup>9</sup> However, in order to be able to serve customers in the pharmaceutical sector, folding cartons suppliers must comply with specific quality standards for pharmaceutical packaging such as PS 9000 and ISO 9001.<sup>10</sup>
- (14) As regards the packaging of beverages, a differentiation can be made between rigid boxes used for the packaging of premium beverages, e.g. spirits, and multi-pack cartons used for packaging beer, cider or soft drinks.
- (15) The Notifying Party submits that, should the Commission segment the folding cartons market by end-use and thereby consider a distinct market for folding cartons for beverages, such a market should not include rigid packaging boxes

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<sup>6</sup> M.5599 – Amcor / Alcan, paragraphs 39-41 and M.1792 – Ahlstrom / Capman / Folding Cartons Partners, paragraphs 10-13.

<sup>7</sup> M.5599 – Amcor / Alcan, paragraphs 44-45.

<sup>8</sup> Minutes of calls with customers of 21.4.2017 and 25.4.2017.

<sup>9</sup> Non-confidential version of replies to Q3, competitors pharmaceutical, question 6.

<sup>10</sup> Minutes of calls with customers of 21.4.2017 and 25.4.2017.

used for high-end spirits as these are not substitutable, either from a demand or a supply perspective, with the multi-pack cartons used to package soft drinks, beer and dairy beverage products. Rigid boxes designed to hold spirits have a rigid structure and are made of chipboard up to four times thicker than a folding carton, whereas multi-packs are lighter and do not have the same rigidity or premium quality as boxes for spirits.<sup>11</sup>

- (16) The market investigation showed that demand side substitutability between the two type of packaging solutions is limited. The majority of customers surveyed stated that multi-packs cannot be replaced by rigid boxes and vice-versa. They indicated that rigid boxes are used for packaging premium products - as such, they need to be of high quality and have a brand/aesthetic design role. Rigid packaging boxes are also significantly more expensive than multi-pack cartons. The latter are used to collate beer and soft drinks and they have lower quality requirements, with price being an important characteristic.<sup>12</sup>
- (17) As regards the supply side, the market investigation revealed that there are differences in the type of machinery/equipment used in the production of multi-pack cartons and rigid packaging boxes, which may restrict suppliers' ability to switch production between the two.<sup>13</sup>
- (18) To conclude, based on the information collected in the market investigation, it appears plausible that the market for folding cartons can be segmented by end-use, and that folding cartons for packaging pharmaceutical products represent a distinct market from folding cartons used for packaging other products, such as beverages. With regard to the latter, it also appears plausible that rigid packaging boxes constitute a distinct product market from cartons used for the packaging of soft drinks, beer or dairy beverages. However, the Commission considers that the final product market definition can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible definition.

#### 4.1.3. *Package inserts*

- (19) The Commission has not previously defined a market for package inserts.
- (20) According to the Notifying Party, package inserts (i.e. leaflets and booklets) accompany products and provide important information to the end-customer (instructions for use, additional information, warnings etc.). They are used in pharmaceutical/medical device packaging, personal care products as well as the supply of consumer goods.<sup>14</sup>
- (21) The machinery and process required to manufacture package inserts is different from that of folding cartons. In order to print, manufacturers need a special printer which is different to the printers used for printing folding cartons. Moreover,

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11 Form CO, paragraphs 68, 104 and 106.

12 Non-confidential version of replies to Q2, customers beverage, questions 8, 14 and 15.

13 Non-confidential version of replies to Q1, competitors beverage, replies to question 12 and 13.

14 Form CO, paragraph 139-142.

another machine is needed to fold the package inserts so that they fit into folding cartons.<sup>15</sup>

- (22) The Notifying Party maintains that no further sub-division is necessary for package inserts as the same inserts are used for a wide range of applications and industries, and that inserts belong to a wider paper printing market.<sup>16</sup>
- (23) The customers responding to the market investigation indicated that the most important qualities of the package inserts for pharmaceutical products are print quality, so that information can be clearly read by a patient, cost and reliability of supply from the manufacturer.<sup>17</sup> Moreover, at least for the pharmaceutical sector, the majority of customers indicated that package inserts cannot be replaced by any other product.<sup>18</sup>
- (24) When asked if the package inserts for pharmaceutical products are very different from the ones used in other industries, customers replies were not consistent. Approximately half of respondents indicated that the pharmaceutical sector has more robust requirements whereas the other half claimed that there is no difference between package inserts used in the pharmaceutical and other industries.<sup>19</sup>
- (25) The Commission considers that the precise product market definition can be left open as the Transaction does not raise serious doubts even on the narrowest plausible market of package inserts for pharmaceutical products.

## **4.2. Relevant geographic market**

### *4.2.1. Paperboard*

- (26) The Commission's decision making practice suggests that the market for the supply of paperboard is at least EEA-wide. However, the final market definition was left open in previous cases.<sup>20</sup> The Notifying Party submits that the market is at least EEA-wide but that the precise definition can again be left open.
- (27) The vast majority of folding carton suppliers surveyed in the market investigation source paperboard within the EEA or worldwide.<sup>21</sup>
- (28) The Commission considers the final geographic market definition can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

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<sup>15</sup> Form CO, paragraph 139-142.

<sup>16</sup> Form CO, paragraph 139-142.

<sup>17</sup> Non-confidential version of Q4 customers pharmaceutical, replies to question 13.

<sup>18</sup> Non-confidential version of Q4 customers pharmaceutical, replies to question 14.

<sup>19</sup> Non-confidential version of Q4 customers pharmaceutical, replies to question 15.

<sup>20</sup> M.6682 – Kinnevik / Billerud / Korsnas, paragraph 26.

<sup>21</sup> Non-confidential version of replies to Q1 competitors beverage, question 28, and Q3 competitors pharmaceutical, question 29.

#### 4.2.2. *Folding cartons*

- (29) The Commission has considered on several occasions the market for folding carton packaging to be at least EEA-wide. However, the final market definition was left open.<sup>22</sup>
- (30) The Notifying Party submits that the customers source folding cartons on a global, EEA-wide and national basis and that the Commission does not need to come to a definitive conclusion on the geographic market definition as the Transaction will not impede effective competition irrespective of whether the market is defined as EEA-wide or national.
- (31) The results of the market investigation showed that pharmaceutical products producers tend to source from national suppliers for reasons primarily related to transport costs and the short response time they can provide. However, several respondents indicated that they purchase all or a significant part of their requirements from suppliers in other European countries,<sup>23</sup> while another customer is currently engaged in negotiations with several folding cartons suppliers based outside its country.<sup>24</sup>
- (32) In relation to customers sourcing folding cartons for beverage end-use, the replies were more varied, with approximately a third of respondents indicating that they source from national suppliers, another third sourcing at a wider than national level (e.g. Ireland and the UK), and the rest at a global level.<sup>25</sup>
- (33) Nevertheless, the vast majority of all customers surveyed, including those in the pharmaceutical sector, indicated that they would consider sourcing from suppliers based outside their home country if there would be a price increase of 5-10 %.<sup>26</sup>
- (34) The Parties, as well as their competitors supplying folding cartons for pharmaceutical and beverage products, indicated that they supply folding cartons across national borders.<sup>27</sup>
- (35) The Commission considers that the final geographic market definition can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market on either a national or an EEA-level.

#### 4.2.3. *Package inserts*

- (36) The Commission did not previously define the geographic market for package inserts.

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<sup>22</sup> M.5599 – Amcor / Alcan, paragraph 49.

<sup>23</sup> Non-confidential version of replies to questionnaire Q4 customers pharmaceutical, question 18. Non-confidential minutes of calls with customers of 21.4.2017, 24.4.2017 and 25.4.2017.

<sup>24</sup> Non-confidential minutes of a call with a customer of 25.4.2017.

<sup>25</sup> Non-confidential version of replies to Q2, customers beverage, question 20.

<sup>26</sup> Non-confidential version of replies to questionnaire Q4 customers pharmaceutical, question 19, and Q4 customers beverage, question 21.

<sup>27</sup> Non-confidential version of replies to Q3, competitors pharmaceutical, question 25.

- (37) According to the Notifying Party, the market for package inserts should be considered at least EEA-wide. The customers source inserts on a pan-European or global basis.
- (38) In the market investigation, the majority of customers surveyed indicated that they source package inserts at a national level, and some stated that they source them at a wider than national level (e.g. Ireland and UK).<sup>28</sup> However, the vast majority of pharmaceutical companies indicated that they would source package inserts from outside their countries if there would be a price increase of 5-10 % of their current suppliers.<sup>29</sup>
- (39) The Commission considers that the final geographic market definition can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market on either a national or an EEA-level.

## 5. COMPETITIVE ASSESSMENT

### 5.1. *Non-coordinated horizontal effects*

- (40) The Transaction only leads to affected markets if the product market is segmented according to end-use and if the geographic market is narrowly defined as national. On this basis, the affected markets are those for folding cartons for beverage end-use in the UK, folding cartons for pharmaceutical end-use in Ireland and in the UK, and package inserts for pharmaceutical end-use in Ireland.

#### 5.1.1. *Folding cartons for beverage end-use in the UK*

- (41) WestRock's share on the UK market for folding cartons used in the beverage sector is [10-20]% and MPS's market share is [40-50]%, resulting in a combined market share of [50-60]% post-Transaction.<sup>30</sup>
- (42) In the UK, WestRock only supplies multi-pack cartons to customers in the beverage sector whereas MPS only supplies rigid boxes.
- (43) As described in section 4.1.2, the Notifying Party claims that the two packaging solutions belong to separate markets and therefore there is no overlap between the Parties in the UK as regards beverage packaging. Alternatively, the Notifying Party submits that under a wider market definition encompassing both multi-pack cartons and rigid boxes, WestRock and MPS are not close competitors.
- (44) The Notifying Party submits that WestRock's main competitor is Graphic Packaging International which accounts for approximately [70-80]% of the sales

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<sup>28</sup> Non-confidential version of replies to Q4 - pharmaceutical customers, question 20.

<sup>29</sup> Non-confidential version of replies to Q4 - pharmaceutical customers, question 21.

<sup>30</sup> The Notifying Party also points out that this market share is likely an overestimate, as data on the sales of folding cartons to the beverage sector in the UK from the Smithers Pira report (on which the Notifying Party has relied to calculate the Parties' market shares) does not include sales of rigid packaging boxes. Based on MPS's estimates of the total sales of the rigid packaging boxes in the UK, if these are taken into account, the Parties' combined market share on the beverage market would be around 25%. Form CO, paragraph 193.



of multi-pack cartons in the UK.<sup>31</sup> MPS's main competitors are suppliers of rigid packaging boxes such as London Fancy Box, Supremia, MW Luxury Packaging, Clarke Rubicon, Leo Luxe, McLaren Blue Box Design and others. Each has a market share of no more than [0-10]%.<sup>32</sup>

- (45) The majority of respondents to the market investigation confirmed that the suppliers active in the multi-pack segment are different from those supplying rigid packaging boxes and that they do not regard WestRock and MPS as close competitors to each other in the supply of packaging to the beverage sector in the UK.<sup>33</sup>
- (46) Furthermore, as described in section 4.2.2., a proportion of customers in the beverage sector also import multi-pack cartons and rigid packaging boxes from outside the UK, therefore the Parties also face competitive pressure from suppliers located in other countries.<sup>34</sup>
- (47) Therefore, based on the information provided by the Notifying Party and the results of the market investigation, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in relation to the folding cartons for beverage end-use in the UK.

#### *5.1.2. Folding cartons for pharmaceutical end-use in the UK and in Ireland*

- (48) In the UK, WestRock's share on the market for pharmaceutical folding cartons is around [0-5]% and MPS's market share is [30-40]% resulting in a combined market share of [40-50]% post-transaction. Other suppliers in the market are Essentra (with a market share of [20-30]%), Firstan ([5-10]%), Medica ([5-10]%), as well as a number of smaller players like Harrisons, Reelvision, Kingston Carton, Curtis Packaging.<sup>35</sup>
- (49) Given the small increment brought about by the Transaction and the presence of other suppliers, the Commission considers that the Transaction will not have a significant impact on competition in the market for folding cartons for pharmaceutical products in the UK.
- (50) In Ireland, WestRock's market share is [5-10]% and MPS's is [20-30]% resulting in a combined market share of [30-40]%.
- (51) The Commission considers that serious doubts can also be excluded for the Irish market for pharmaceutical folding cartons due to the following reasons.
- (52) First, there are a number of other suppliers of folding cartons for the pharmaceutical sector in Ireland. These competitors are Essentra (with a market share of [20-30]%), Palladio Zannini ([5-10]%), Colorman Ireland ([0-5]%) and

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<sup>31</sup> Form CO, paragraph 185.

<sup>32</sup> Form CO, paragraph 189.

<sup>33</sup> Non-confidential version of replies to questionnaire Q4 customers beverage, questions 24-27 and 35. Non-confidential version of replies to questionnaire Q1 competitors beverage, questions 31, 33, 34.

<sup>34</sup> Non-confidential version of replies to questionnaire Q4 customers beverage, question 22.

<sup>35</sup> Form CO, paragraph 120.

MSO ([0-5]%). In addition, a number of other smaller suppliers like Boxpak ([0-5]%), Marchmont Packaging ([0-5]%), Dollard Packaging ([0-5]%), Esmark Finch ([0-5]%) are active on the market.

- (53) During the market investigation some of the competitors indicated that they could potentially expand their activities if customers would take the decision to switch their supplies from the combined entity.<sup>36</sup> Some fringe competitors supply pharmaceutical customers on demand rather than competing for long-term contracts, and they indicated they could start supplying customers on an immediate basis if the latter would decide to switch a part of their demand away from the combined entity.<sup>37</sup>
- (54) The market investigation also showed that customers do not face significant barriers to switching suppliers. The main cost of switching relates to the audit of the supplier's production facilities which pharmaceutical customers typically carry out in order to ensure that the quality of folding cartons corresponds to their requirements. The audit lasts several days and the only cost incurred by the customer is related to the staff that carries out the site visit.<sup>38</sup>
- (55) Second, the Parties also face a competitive constraint exercised by suppliers of folding cartons for other end-uses.
- (56) The majority of competitors active in the production of folding cartons for beverage end-use which participated in the Commission's market investigation indicated that the technology and equipment used for the production of pharmaceutical folding cartons are similar to those used for multi-pack cartons for beverages of folding cartons for other end-uses.<sup>39</sup> Some suppliers indicated that they have repeatedly switched production between folding cartons for different end-uses, including pharmaceutical products in the last 5 years.<sup>40</sup> As indicated in section 4.1.2, the main requirement specific to the pharmaceutical sector is compliance with quality standards ISO 9001 or PS 9000. Competitors indicated that the cost of obtaining this type of certification amounts to several thousands euro, and therefore it does not appear to represent a strong barrier to expansion for suppliers active in the supply of folding cartons for other applications.<sup>41</sup>
- (57) Third, there is a possibility for pharmaceutical companies to source folding cartons from other EEA countries.
- (58) The Parties have also indentified instances where they lost supply contracts to competitors located outside Ireland, *inter alia* in [several countries in Europe].<sup>42</sup>

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<sup>36</sup> Non-confidential minutes of a call with a competitor, 25.4.2017.

<sup>37</sup> Non-confidential minutes of a call with a competitor, 27.4.2017.

<sup>38</sup> Non-confidential minutes of a call with a customer, 21.4.2017.

<sup>39</sup> Non-confidential version of replies to Q1 – beverage competitors, question 6.

<sup>40</sup> Non-confidential version of replies to Q1 – beverage competitors, question 8. Non-confidential version of replies to Q4 – pharmaceuticals competitors, question 7.

<sup>41</sup> Non-confidential minutes of a call with a competitor, 25.4.2017.

<sup>42</sup> Reply to the RFI of 25.4.2017.

Similarly, the Parties identified several instances when they had won business away from competitors in other countries.<sup>43</sup>

- (59) Several customers participating in the market investigation currently source from folding cartons suppliers based outside Ireland, and the majority of respondents indicated they would consider doing so in response to a price increase of 5-10% in their home country.<sup>44</sup>
- (60) Based on the information provided by the Notifying Party and the results of the market investigation, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market for folding cartons for the pharmaceutical end-use in the UK and Ireland.

### *5.1.3. Package inserts for pharmaceutical end-use in Ireland*

- (61) Regarding packaging leaflets for pharmaceutical end-use in Ireland, WestRock's market share is [5-10]% and MPS's is [30-40]% resulting in a combined market share of [30-40]%.
- (62) The Notifying Party submits that a large number of strong competitors will constrain the combined entity post-Transaction. There are several well established competitors on the market such as Cashin Print (with a market share of [20-30]%), Essentra ([10-20]%), Colorman ([5-10]%), KPW Design and Print ([0-5]%), Fineprint ([0-5]%) and others.
- (63) Moreover, the market investigation showed that the combined entity would also be constrained by competitors located outside Ireland. Indeed, some of the customers stated that they source package inserts at a regional level, i.e. in the region encompassing Ireland and the UK.<sup>45</sup> The majority of pharmaceutical customers also stated that they would source package inserts from outside Ireland if the suppliers would increase their price by 5-10%.<sup>46</sup>
- (64) Based on the information provided by the Notifying Party and the results of the market investigation, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in relation to package inserts for pharmaceutical end-use in Ireland.

## *5.2. Non-horizontal effects*

- (65) The Transaction will also result in two vertically affected markets as WestRock is active on the upstream market for paperboard supply and both Parties are active on the downstream market for folding cartons for beverage end-use in the UK and pharmaceutical end-use in Ireland and the UK.

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<sup>43</sup> Reply to the RFI of 25.4.2017.

<sup>44</sup> Non-confidential version of replies to Q4 customers pharmaceuticals, questions 18 and 19.

<sup>45</sup> Non-confidential version of replies to Q4 customers pharmaceutical, question 20.

<sup>46</sup> Non-confidential version of replies to Q4 customers pharmaceutical, question 21.

- (66) Specifically, WestRock supplies two types of paperboard in the EEA: CNK and SBS. WestRock's share on the overall market for paperboard in the EEA is less than [0-5]%, and it is [20-30]% and [10-20]% for CNK and SBS, respectively. If the upstream market for paperboard supply is segmented purely according to end-use, WestRock estimates that its share of supply of paperboard for beverage end-use in the EEA is approximately [20-30]% (over [90-100]% of which are captive sales) and its share of supply of paperboard for pharmaceutical end-use is approximately [0-5]%.<sup>47</sup>
- (67) The Notifying Party thus submits that there is no risk of input foreclosure as its position on the upstream market for supply of paperboard (or any relevant segment thereof) does not enable it to engage in such a strategy. Furthermore, there are many alternative suppliers of paperboard (such as Mayr-Melnhof, Stora Enso, Metsa Board, Reno de Medici, Holmen) to which downstream competitors can turn.
- (68) The Notifying Party also submits that there is no risk of customer foreclosure as WestRock does not supply the type of paperboard which is required by MPS for the production of folding cartons. Specifically, the main type of paperboard used by MPS and WestRock for their production of folding cartons for pharmaceutical products is [...], which WestRock does not supply in the EEA. MPS also uses small amounts of [...], but the Notifying Party submits the Transaction would not result in customer foreclosure even if MPS were to procure [...] only from WestRock in the future as the volumes it purchases are very small.<sup>48</sup> In relation to beverages, for its production of rigid packaging boxes, MPS only uses [...], which WestRock does not supply in the EEA.
- (69) The information collected in the market investigation is consistent with the Notifying Party's arguments.
- (70) Based on the information provided by the Notifying Party and the results of the market investigation, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to the vertical relationship between the market for paperboard supply and those for folding cartons for beverage end-use in the UK and pharmaceutical end-use in Ireland and the UK.

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<sup>47</sup> Form CO, paragraphs 155, 160, 161.

<sup>48</sup> Form CO, paragraph 169.

**6. CONCLUSION**

- (71) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

*For the Commission*

*(Signed)*

*Margrethe VESTAGER  
Member of the Commission*