

**COMPLETED ACQUISITION BY VARIOUS SUBSIDIARIES OF
GREIF INC OF VARIOUS SUBSIDIARIES OF BLAGDEN GROUP NV**

Statement of issues

The reference

1. Our terms of reference require us to consider the completed acquisition by various subsidiaries of Greif Inc (Greif) of various subsidiaries of Blagden Group NV (Blagden) (together the parties). The inquiry group (the Group) is required to determine:
 - whether a relevant merger situation has been created; and
 - if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the UK for goods or services.
2. The issues that the Group intends to focus on are set out below.

Market definition

3. The Group will consider the definition of the relevant economic markets affected by the merger.

Closures

4. The parties overlap in the manufacture and supply of closures for drums. At this stage, the Group wishes to verify the assertion that the market for closures is global.

Steel drums

5. The parties overlap in the supply of new large steel drums. In terms of the product market, the Group will explore:
 - (a) whether there is a distinct market for new large steel drums, or whether these are part of a wider market including, for example, reconditioned large steel drums, plastic drums, fibre drums or intermediate bulk containers; and
 - (b) whether, if the market is wider than new large steel drums, there are some customers who have no alternative to steel drums for at least some of their requirements.
6. In terms of the geographic market, the Group will consider whether the scope of the relevant market extends beyond the UK, and/or whether there are separate identifiable regional markets within the UK.

The counterfactual

7. The Group will consider what would have happened in the absence of the merger (the counterfactual). In particular, it will explore:

- (a) the likely UK strategies of both Greif and Blagden in the absence of the merger; and
- (b) whether some or all parts of the acquired Blagden business might have been acquired by an alternative purchaser.

The competitive effects of the merger

- 8. The Group will explore further the characteristics of the relevant economic markets, in particular:
 - (a) the level of competition prior to the transaction;
 - (b) the importance of alternative suppliers;
 - (c) the key considerations influencing the purchasing behaviour of customers, including price, speed of supply, ability to meet a range of specifications, and other aspects of product or service quality;
 - (d) the extent to which regulatory and technological considerations determine customers' choices of industrial packaging for different substances;
 - (e) any discernible market, technological or other trends which might have an impact on competition in the relevant markets in the foreseeable future;
 - (f) how prices are determined;
 - (g) whether there is scope for price discrimination (eg to those customers who are 'captive' to steel);
 - (h) the level of spare capacity available in the industry; and
 - (i) the extent of barriers to entry or expansion for each of the relevant markets.
- 9. Against this background, the Group will identify the possible competitive effects of the merger in the relevant economic markets, in particular:
 - (a) whether the merger may be expected to create or increase market power in any relevant market and lead to an increase in prices or a reduction in service for some or all customers or the foreclosure of any market;
 - (b) whether there are any efficiencies that could be expected to arise from the merger, and their impact on any relevant market;
 - (c) whether, in any of the relevant markets, any possible lessening of competition might be offset by the buyer power of customers; and
 - (d) whether, taking account of all of the above, the merger has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the UK for goods or services.

Remedies

- 10. Should the Group conclude that the merger has resulted, or may be expected to result, in a substantial lessening of competition, it will consider whether and, if so,

what remedies might be appropriate, and will issue a further statement at a later date.

Relevant customer benefits

11. In any consideration of possible remedies, the Group may have regard to any relevant customer benefits resulting from the merger. These are defined as: lower prices, higher quality or choice of goods or services in any relevant market or greater innovation in relation to such goods or services. The Group therefore wishes to explore what those benefits are likely to be, which customers that will benefit and the significance of those benefits.

Comments

12. Anyone wishing to comment on any of the issues raised is requested to do so by 2 April by email to GreifBlagden@cc.qsi.gov.uk or in writing to:

Greif/ Blagden Inquiry,
Inquiry Secretary,
Competition Commission,
Victoria House,
Southampton Row,
London WC1B 4AD

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