EUROPEAN COMMISSION

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PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

To the notifying party

Subject: **Case M.9985 – GARDAWORLD / G4S**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 23 October 2020**,** the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Garda World Security Corporation ("GardaWorld", Canada), controlled by BC Partners LLP (United Kingdom) and Mr. Stephan Crétier, a Canadian citizen, acquires within the meaning of Article 3(1)(b) of the Merger Regulation indirect sole control of the whole of G4S plc ("G4S", United Kingdom) ("the Transaction").[3] The concentration is accomplished by way of public bid announced on 14 September. GardaWorld is also designated hereinafter as the "Notifying Party" and G4S also as "the Target". GardaWorld and G4S are together designated as "the Parties" to the Transaction.

1 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.

2 OJ L 1, 3.1.1994, p. 3 (the "EEA Agreement").

3 Publication in the Official Journal of the European Union No C 369, 3.11.2020, p. 19.

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1. THE PARTIES

(2) GardaWorld is a security services and cash services company, offering physical security services, end-to-end cash management solutions and security risk management. It employs more than 102 000 professionals who serve a diverse clientele in North America, Africa, Asia and the Middle East. It is indirectly jointly controlled by BC Partners LLP, an international equity investment firm from the United Kingdom and Mr Stephan Crétier, a Canadian citizen.[4]

(3) G4S is a global integrated security business offering a broad range of security services around the world. It is a public company listed on the London Stock Exchange. G4S operates across Europe, Asia Pacific, Africa, the Middle East and the Americas and has approximately 533 000 employees working globally.[5]

2. THE OPERATION

(4) On 14 and 30 September 2020,[6] GardaWorld announced its offer to acquire the entirety of the shares in G4S. Completion is subject to, among others, the condition that GardaWorld would acquire shares representing more than 50% of the voting rights in G4S. Assuming a successful completion of the public bid, GardaWorld will acquire indirect sole control over G4S within the meaning of Article 3(1)(b) of the Merger Regulation.

(5) The case was initially notified to the European Commission under the simplified review procedure. However, following submissions from the Target indicating that, in its view, the Transaction gave rise to affected markets with regard to manned guarding security services in high-risk regions, the Commission reverted to a normal first phase merger procedure.[7]

3. UNION DIMENSION

(6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (GardaWorld: EUR […] million, G4S: EUR [...] million).[8] Each of them has an EU-wide turnover in excess of EUR 250 million (GardaWorld: EUR […] million, G4S: EUR [...] million), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

(7) The notified operation therefore has a Union dimension pursuant to Art. 1(2) of the Merger Regulation.

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4 See Form CO, paragraphs 11 and 13.

5 See G4S' submission of 23 October 2020 (hereinafter also "the First Submission").

6 On 14 September 2020, GardaWorld published a 2.4 Announcement regarding its intention to acquire the entire issued and to be issued share capital of G4S pursuant to Rule 2.4 of the Code on Takeovers and Mergers, which is administered by the United Kingdom's Panel on Takeovers and Mergers. On 30 September 2020, in accordance with Rule 2.6 (a) of the Code, GardaWorld announced its firm intention to make an offer pursuant to Rule 2.7 of the Code (Rule 2.7 Announcement).

7 In line with paragraph 26 of the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004. OJ C 366, 14.12.2013, p. 5.

8 Turnover calculated in accordance with Article 5 of the Merger Regulation.

4. MARKET DEFINITION

(8) Both Parties are active worldwide in the provision of security services such as manned guarding services, cash services and other security services. The Commission has examined the sector of security and investigation services in the past. For instance, it has examined services such as manned guarding, alarm services and systems, care and justice and cash-in-transit services. The Commission considered the geographic scope of these services to be national, largely because of the regulatory differences between the Member States.[9]

(9) While GardaWorld does not provide these services in the EEA and there is no overlap or competitive relationship between the Parties' activities in the EEA leading to affected markets within the meaning of the EU merger control rules, the Target has submitted that there is an overlap between the Parties' activities leading to an affected market in the market for the provision of manned guarding high-risk security services in high-threat/risk regions (also referred to as 'high-risk security services' in this decision). This decision therefore deals with high-risk security services only.

4.1. Manned guarding security services in high-risk regions

4.1.1. Product market

(10) In prior decisions, the Commission made a distinction within the market for security services between i) manned guarding services ii) alarm installation and maintenance (that is, electronic guarding equipment), iii) alarm monitoring and response and iv) aviation security service. It considered that they constituted distinct product markets.[10]

(11) With regard to manned guarding security services, in particular, the Notifying Party in case M.5993[11] submitted that manned guarding would encompass services such as: (a) uniformed on-site guards and retail guards (static manned guarding); (b) mobile manned guarding services; (c) key-holding services; (d) contract project security, (e) events security and crowd management; and (f) associated security consultancy services.[12] The great majority of respondents to the market investigation in that case considered that these services are part of the same market.[13] While

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9 See further below under section 4.1.1 and section 4.1.2.2 for case references.

10 See, among others, Commission decision in case M.3396 – *Group 4 Falck/Securicor*, paragraphs 29 and 31; M.4986 – *EQT V/Securitas Direct*, paras 10-11; M.6292 – *Securitas/ Niscayah Group*, paragraph 8; M.9559 – *Telefonica/Prosegur/Prosegur Alarmas Espana*, paragraph 14.

11 See Commission decision in case M.5993 – *Securitas/ Reliance Security Services/ Reliance Security Services Scotland.*

12 See also the Parties' submission in case M.3396 – *Group 4 Falck/Securicor*, para 18 where the Parties submitted that manned guarding would encompass services such as: (i) uniform on-site guards; (ii) guard patrols; (iii) retail guards and plain clothes store detective; (iv) key-holding; (v) vehicle escort services; (vi) dog patrol; (vii) anti-terrorist and diplomatic security; (viii) information security services; (ix) training and security methods; (x) consultancy and risk management and auditing. Further, they submitted that services of remote security monitoring and response would be part of the manned guarding segment and not electronic guarding.

13 The Notifying Party in case M.5993 had also argued that the provision of scheduled patrols, key holding and alarm response services are part of the market for manned guarding services; however, this was not entirely confirmed by the market investigation as some respondents submitted that key holding and alarm

leaving the product market definition open in case M.5993, the Commission also referred to these services as being part of the manned guarding services market in a subsequent decision in case M.6292 – *Securitas/Niscayah Group*.[14]

4.1.1.1. The Parties' views

(A) The Target's views

(12) The Target[15] submitted that the Parties' activities overlap in the market for the provision of "high-risk security services" which, it submits, constitutes a distinct relevant market from the overall market for "more generalised" manned guarding security services.[16]

(13) According to G4S, high-risk security services are a separate and distinct group of services provided in volatile and dangerous environments where there is a need for professionally trained security personnel, with three to five years of police or military experience (and typically specially trained in enhanced weapon capability). The personnel provide safeguarding services to the people, facilities and critical infrastructure of customers such as multi-national corporations and government / embassies or multinational organisations who operate in these environments.[17]

(14) G4S submits that high-risk security services can be clearly distinguished from general, standard manned guarding services both from a supply and demand side perspective.[18]

(15) On the **demand** side, G4S submits that, first, clients for high-risk security services have different requirements and procurement processes from customers for other security services such as standard manned guarding. G4S notes that most diplomatic security programmes have a high profile and require a high level of decision-making from operators. As such, most governments distinguish between low-risk embassies (that only require standard manned guarding) and high-risk embassies located in countries where the threat level and protection requirements are much higher.

(16) According to G4S, major oil, gas and mining clients also clearly differentiate between the specialist high-risk security services needed to protect their staff and operations in conflict and hostile zones and the more basic security packages required elsewhere.[19]

(17) Second, G4S submits that customers for high-risk security services are typically large and sophisticated entities, who procure the services by means of competitive tender processes. G4S submits that the main consideration for the customers is the

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response services together may form a distinct product market. The Commission left the exact scope of the relevant product market definition open in that case.

14 See Commission decision of 2 August 2011, paragraph 8.

15 See email of 21 October 2020 and subsequent submissions of 23 October and 30 October 2020 (hereinafter also "the Second Submission").

16 See, for instance, "First Submission'' of G4S of 23 October 2020, paragraph 11 and "Third Submission" of G4S of 18 November 2020 where it indicates that "The provision of high-risk security services forms a distinct and separate market from the provision of more generalised security services.'', paragraph 4.

17 See, for instance, "Second Submission" of G4S of 30 October 2020.

18 See, for instance, "First Submission" of G4S of 23 October 2020.

19 See, for instance, "First Submission" of G4S of 23 October 2020.

reputation of the provider, followed closely by price. It submits that clients look for one of the "prime providers", who have a reputation in the industry and the experience to take on such contracts. Next, the contracts are awarded based on cost and who can offer the best price. The prime providers often sub-contract to local providers in order to further drive down costs. [20]

(18) Third, G4S submits that the sector is characterised by much higher and rigorous compliance and governance standards required by clients compared to "more generalised" manned security services, with audited adherence to standards, including the International Code of Conduct for Private Security Service Providers, membership of the International Code of Conduct Association (the governance and oversight mechanism of the former), ISO standards for private security providers, and the Montreux Document on Private Military and Security Companies.[21]

(19) On the **supply** side, G4S submitted, first, that the skills and experience required to provide these specialist high-risk services exceed greatly those required in standard manned guarding services, who are only required to have a bodyguard licence.[22]

(20) Second, G4S submits that providers of high-risk security services must have a supply of or access to weapons and other relevant equipment, including armoured vehicles.

(21) Third, according to G4S, the distinction with other security services is also reflected in G4S's business structure: G4S RMG is a separate business unit within G4S, with a separate management structure and operates in a distinct competitive environment from the rest of the G4S business.[23]

(22) Fourth, G4S submits that high-risk security services are offered by a different competitor set and considered separate from more general security services in the industry. This is, in its view, illustrated by an Industry Study of Global Security Services published in July 2020, where "private security guards providing military-type services, which are most common in underdeveloped countries with unstable security environments" were explicitly excluded from the scope of the study.[24]

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20 According to G4S, the tenders/RFPs are issued by the relevant governments or companies with a description of the scope of services that are required. The main technical aspect that is requested is how the provider will mitigate the threat for the client at the relevant location(s). There are approximately 30-40 tenders for high-risk security services per year, which range in value from several hundred thousand USD to USD 100m. The normal range of a tender in terms of value is approximately USD 1-10 million. See, for instance, "First Submission" of G4S of 23 October 2020.

21 See, for instance, "Second Submission" of G4S of 30 October 2020 and its submission of 18 November 2020 (hereinafter also "the Third Submission").

22 See, for instance "First Submission" of G4S of 23 October 2020, G4S' response to RFI-3 and its "Third Submission" of 18 November where it submits that "On the supply side, the skills and experience required of operators greatly exceeds those required for general security services".

23 According to G4S, G4S RMG is a specialist protective services business within G4S, operating across its entire international network of around 85 countries. G4S RMG is active in providing professionally trained security specialists to safeguard people, facilities and critical infrastructure located in "high-risk" environments such as Iraq and Afghanistan, in addition to providing specialist consulting and intelligence services. See "First Submission" of G4S of 23 October 2020.

24 The other types of security services discussed in the market report are those in the traditional manned guarding market: stationary guards and mobile patrols; bodyguards; private guards used at publicly

(23) G4S submits that it competes routinely for tenders with three other major providers globally: GardaWorld, Constellis and Control Risks. According to G4S, these three competitors, together with G4S, are considered as "prime" providers of high-risk security services (hereinafter the four companies are referred to as "the Prime Providers"). There are also local providers of high-risk security services. However, according to G4S, governments and large corporates do not generally contract directly with those local providers. Rather, G4S notes that the Prime Providers will tender for the main contract and then sub-contract certain elements to local providers. The prime provider takes on the risk that the customer has outsourced to them.

(24) At a later stage of the procedure,[25] G4S also submitted that, within high-risk security services, there is a distinction between large-scale, complex, high-value (or "complex, high-end") contracts (which according to G4S is set to a value above EUR [...] million annual contract value ("ACV")) and smaller, non-complex (or "simple, low-end") contracts. According to G4S, greater scale, reputation and standards are required by the international customers (governments and corporates) from the Prime Providers that typically tender for complex large-scale high-risk security services contracts. G4S also submitted that, in its view, competition for large-scale complex high-risk security services typically takes place where the customer is headquartered and the decision to award the contracts are taken. Normally, according to G4S, the procurement team will be located in the home country (i.e. UK, Germany, Netherlands, Italy) and decisions for large-scale complex high-risk security services contracts are either taken or are ratified in the home country.

(25) According to G4S, decision-making and thus competition for many smaller, non-complex high-risk security services contracts often takes place on the ground where the services are delivered. It also submitted that competition from local providers for large-scale complex high-risk security services contracts is limited because local high-risk security services providers are generally not able to compete for the same breadth of contracts as international companies, such as G4S RMG, GardaWorld and Constellis.

(26) G4S submitted that most governments and large western corporate organisations do not generally contract directly with local providers for large-scale complex projects, as they do not have the requisite scale, reputation and standards required by international customers to address the risk appetite of these customers for such projects.[26]

(B) The views of the Notifying Party

(27) GardaWorld does not consider that there is a relevant distinct market for the provision of security services in high-risk regions which is separate from the standard manned guarding services that the Commission has examined in the past.[27]

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operated prisons and immigration detention facilities; and aviation security operations. See "First" Submission of G4S of 23 October 2020 as well as G4S' response to RFI-3.

25 See "Third Submission" of G4S of 18 November 2020.

26 See "Third Submission" of G4S of 18 November 2020.

27 See, among others, the Notifying Party's response to question 1 of RFI-1.

GardaWorld rather considers that such capabilities are part of the array of armed security services offered to customers seeking manned guarding services more generally and are offered by local and international companies.

(28) According to GardaWorld, from the **supply side**, there is no such service market that would include a set of security services specifically dedicated to "high threat regions." The services that providers such as GardaWorld offer in "sensitive areas" or "conflict affected states" primarily consist of static security and mobile patrol security (that is, the furnishing of guards and security personnel). GardaWorld submits that these services are not different from the "manned guarding services" previously assessed by the Commission and which the Commission defined as a relevant service market.[28]

(29) GardaWorld notes that suppliers of manned guarding services in these regions may advertise themselves or customize their offer on the basis of the regions where they provide their services or the type of customers they want to reach, but ultimately the services concerned primarily remain the furnishing of static security and mobile security. In this respect, customization is based on, for instance, an individualized threat assessment for that customer which determines the proposed mix/number of armed versus unarmed guards; the services to be provided (static versus mobile security); the type of vehicles needed (armoured or not), etc. As all suppliers have that capability, they are all able to "customize" these services.

(30) GardaWorld also submits that there is also no specific **demand** from customers for a set of specific security services or solutions to be provided in "high threat regions." GardaWorld provides manned guarding services consisting primarily of static security and mobile patrol security services and there are no differences between these services when provided to customers in "high threat regions" versus the same services provided elsewhere. Customers ask for a mix of armed and non-armed guards, as they will frequently do in non high-risk locations, though the density and mix of guards may change depending on the anticipated risk. GardaWorld believes that the same is true for G4S and its competitors.[29]

(31) For example, GardaWorld notes that out of […] countries where it provides manned guarding services (outside of the USA and Canada), there are […] countries where it only supplies unarmed guards. In the remaining […] countries, armed guards represent […]% or less of GardaWorld's guards in […] countries, just […]% in […] country and over […]% in just […] countries, that is, in […].[30]

4.1.1.2. The Commission's view

(32) As mentioned above in paragraph 10, the Commission has in the past considered manned guarding services as constituting a distinct product market from the provision of other security services, such as, for instance, alarm installation and maintenance, alarm monitoring and response, cash-in-transit services etc., but it has not so far analysed a distinct market for the provision of "high-risk security services".

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28 See Form CO, paragraph 135.

29 See Form CO, paragraph 136.

30 See the Notifying Party's response to RFI-1.

(33) The market investigation seems to indicate that the provision of high-risk security services could be considered as distinct from the provision of other manned guarding security services.

(34) A market participant noted during the market investigation that: "high-risk security services are distinct from other security services, such as, for instance, security services provided in a shopping mall, standard cash-in-transit services etc." This market participant noted that "high-risk security services are more specialised and the employees are mainly drawn either from the military or the armed police" and that "those working in the provision of such services must have special qualifications, including knowledge of use of different types of weapons and how to operate in hostile environments."[31]

(35) This was confirmed by the majority of market participants who noted that security services in high-risk countries is a different business from "standard" manned guarding services outside of high-risk areas[32] and it is not easy from **a supply side** perspective to scale up from "standard" to "high-risk" security services for various reasons.[33]

(36) First, it would indeed appear that the skills and experience required in order to provide such services differ from those of manned guarding services in non high-risk environments. High-risk security services include protection (static and mobile) with armed guards as well as mobile protection using armoured vehicles and intelligence feed to assess risks.[34] The security personnel would in general have either police or military training and previous experience as well as special training on using weapons. The weapons training would be either on small firearms or different types of high velocity firearms and long distance shooting. Normally each security member would carry at least one long rifle and a pistol.[35] The security personnel would also receive tactical training to handle battle-like emergencies.[36] This would include training on how to safely embark and disembark from vehicles, how to operate while in transit for mobile protection and driving techniques. The security personnel will be trained and capable of operating for long periods on hostile environments far away from home. Personnel will also receive medical training and

31 See minutes of a call of 12 November 2020 with a customer (ID228), paragraph 4

32 See, for instance, minutes of a call of 31 October 2020 with a customer (ID215), paragraph 8 and minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 9 or minutes of a call of 13 November 2020 with a customer (ID370), paragraph 4. Security services in high-risk countries could include: a) static protection provided to corporations, for example, oil fields; this represents the large majority of the work of security companies in high-risk countries; b) static protection provided to embassies, which is a higher protection level that under a) above; and finally, provision of mobile security services, considered as the most complex type of assignment, where security providers are required to accompany individuals as they move from one location to another (for example, in order to escort convoys or provide secured transport for officials between locations). See minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 7.

33 See minutes of a call of 17 November 2020 with a customer (ID387), paragraph 3.

34 See minutes of a call of 2 November 2020 with a customer (ID218), paragraph 2.

35 See minutes of a call of 12 November with a customer (ID228), paragraph 4 and 13 as well as minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 8.

36 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 8.

training on how to deal with the local population. Teams would also include paramedics and translators.[37]

(37) Second, in order to provide such services, a security company would need to obtain various types of licences (for its personnel, the use of weapons etc.) from the local government and comply with often stringent local rules that vary from country to country. These procedures are often burdensome, can take a lot of time and are costly. As noted by G4S, for instance, entry into the high-risk territories of Iraq and Afghanistan is impossible at the current time for foreign private security companies and the authorities in these jurisdictions have not awarded any new licences to foreign private security providers in the last five years.[38]

(38) For instance, a licence is normally needed to provide armed security services and licences are also often needed for equipment such as weapons, armoured vehicles, personal protection equipment and sometimes uniforms.[39] For instance, in Iraq, a private security company would need a licence from the Ministry of Interior to operate, the Ministry of Trade in order to be able to import equipment (such as armoured vehicles), a licence to carry weapons as well as a communications licence from the Ministry of Communications.[40] The financial compliance burden to meet all the various ministerial regulations can be very demanding. Consequently, in order to provide high-risk security services a company would need very specialised know how, that is also country specific, as well as high capital requirements.[41] As, in addition, the regulations change frequently, there is a significant financial risk, which some companies may not be able to bear.

(39) Third, in terms of equipment, security providers in high-risk environments would normally need a fleet of armoured vehicles, typically B6[42] armoured vehicles (mainly Toyota Land Cruisers) that cost more than USD 100 000. These cannot in general be bought from other suppliers already in the country and need to be imported to the country, be registered and comply with stringent local regulation. In addition, it could sometimes be difficult to import equipment into a high-risk country because of export restrictions in the country where the equipment originates from.[43] Building a fleet therefore represents a significant investment and having the appropriate infrastructure to maintain and run a fleet of specialised vehicles in high-risk environments poses complex logistical challenges and requires expertise in managing it.[44]

(40) Fourth, security companies providing high-risk security services need to also abide by various international standards[45] also with regard to the respect of human rights

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37 See minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 8.

38 See "Third Submission" of G4S of 18 November 2020, paragraph 16.

39 See minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 11.

40 See minutes of a call of 17 November 2020 with a customer (ID387), paragraph 7.

41 For instance, in Iraq, there is also an additional requirement of depositing a high value bond (hundreds of thousands of USD). See also under section 4.1.2.2 of this decision.

42 This would refer to the ballistic protection level and B6 rating has a high level of security and is meant to stop armor-piercing rounds.

43 See, for instance, minutes of a call of 28 October 2020 with G4S, paragraph 10.

44 See, for instance, minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 5.

45 Such as ANSI/PSI:1 2012 (developed by a Technical Committee of over two hundred people from twenty six countries) and ISO 18788.

such as, for instance, the Montreux Document on Private Military and Security Companies.[46] GardaWorld is, for instance, a member of the following trade associations: the International Code of Conduct Association ("ICoCA"),[47] the Security in Complex Environments Group ("SCEG")[48] and the International Stability Operations Association ("ISOA").[49]

(41) In view of the above, the Commission considers that there is currently a complex process to qualify as provider of such high-risk security services, with the relevant requirements being determined at national level and being different from country to country. This means that the services are not directly exportable from one country to the next; consequently, it could take a number of years to build a system and relevant procedures[50] and it is very difficult for a new provider to enter the industry and operate in these complex environments.[51]

(42) From the **demand** side, first, customers for these security services in high-risk environments, which include, among others, embassies and oil or gas companies,[52] face greater risks and require different procedures, equipment and weapons than in other non high-risk environments. The higher risk is also reflected, according to a market participant, in the price for these services, which varies a lot from other manned security services.[53]

(43) Second, the majority of market participants contacted by the Commission noted that customers are looking for security companies that are already established in the country of operation because of the strict licensing requirements and the infrastructure that is required in order to provide the services. One market participant noted that customers generally require providers to show a proven track record[54] and this was confirmed by several customers of such services who said that they require high qualifications and skills from the personnel employed by high-risk security companies. On the highest level, for security management positions, one market participant said that it would require military or law enforcement experience and commercial management experience. On the lowest level, typically local static guards, the company would insist on pre-vetted personnel with appropriate language skills (that is, English on top of the local language) and extensive training in firearms, driving armoured vehicles, physical protection duties, ethical and human rights norms.[55] Another market participant indicated, for instance, that the security

46 See, for instance, minutes of a call of 12 November 2020 with a customer (ID228), paragraph 5.

47 ICoCA is a multi-stakeholder initiative formed in 2013 to ensure that providers of private security services respect human rights and humanitarian law. It serves as the governance and oversight mechanism of the International Code of Conduct for Private Security Service Providers. See Form CO, paragraph 195.

48 SCEG is a Special Interest Group of ADS, for security and risk companies committed to the development and implementation of international standards for the private security and crisis management sector. See Form CO, paragraph 195.

49 ISOA is a worldwide association representing the stability sector. Through its partnerships, engagement, and advocacy, members work together with key organizations and government policy makers for long-term stability and growth in the world's most unstable places. See Form CO, paragraph 195.

50 See, for instance, also minutes of a call of 12 November with a customer (ID228), paragraph 6.

51 See, for instance, minutes of a call of 28 October 2020 with G4S paragraph 7.

52 See minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 12.

53 See, for instance, minutes of a call of 13 November 2020 with a customer (ID370), paragraph 4.

54 See minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 9.

55 See minutes of a call of 2 November 2020 with a customer (ID218), paragraph 8.

personnel it requires would need to have at least five to eight years of military experience. [56]

(44) Third, when choosing a provider, customers for high-risk security services in general carry out tenders or requests for proposal. The majority of customers during the market investigation indicated that they would need to be satisfied that the provider has a licence to operate in the country and abides by the various international standards referred to above. Customers would often only consider companies that have passed the due diligence standards set by the customer as being eligible to participate in the tender.[57] There is normally only one tender and one contract per country[58] and contracts are always country specific even if the same security company works with the same customer in different countries.[59]

(45) Finally, with regard to the argument put forward by G4S at a later stage of the procedure, that is, that there is a distinction within high-risk security services between large-scale, complex, high-value contracts (which according to G4S is set to above EUR [...] million ACV) and smaller, non-complex contracts, the Commission considers that this distinction is not warranted for the following reasons:

(46) First, the Commission notes that, while contracts of different value exist, during the market investigation, market participants, which included some of the Parties' largest customers, did not point to any need for further segmentations of the market, in particular along the lines of complexity or contract value which would lead to a distinction between large complex high value contracts and smaller non-complex contracts.

(47) Second, the Commission notes that, the nature of the service provided does not appear to be materially different between the two. Differently to the provision of "standard" manned security services, the high-risk security services provided for large complex high value contracts and those provided for the smaller non-complex contracts as referred to by G4S, are provided by using the same infrastructure, and the level of skills required by the security providers is the same irrespective of the contract value. Other than size, large and small manned security service contracts may deploy similarly experienced personnel using similar vehicles or other assets even when the value falls below EUR [...] million. Also from a demand side perspective, and apart from the scale of the service demanded, the requirements of customers of high-risk security services would not appear to differ, as far as the nature of the services and the standards to be met are concerned, depending on the value of the contract.

(48) Third, the Commission notes that, those competitors belonging to the list of "prime providers" as suggested by G4S, are able to also provide what G4S refers to as "smaller non-complex" contracts.

(49) Specifically, the Commission understands that, for instance GardaWorld has many contracts of a short length for small amounts (a few thousands), including with EEA

56 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 8.

57 See, for instance, minutes of a call of 12 November 2020 with a customer (ID228), paragraph 9 and minutes of a call of 31 October 2020 with a customer (ID215), paragraph 10.

58 See, for instance, minutes of a call of 29 October 2020 with a customer (ID294), paragraph 3.

59 See minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 8.

customers, that GardaWorld and other security companies, including the local security companies, provide to customers in Afghanistan and Iraq. These contracts ordinarily require exactly the same personnel and equipment given that the threat levels are the same but the scope of services are merely smaller in scale. For example, GardaWorld provided such services to […] EEA customers (such as […]) in Afghanistan in the last financial year for total revenues of USD […]. Similarly, GardaWorld provided such services to […] EEA customers (such as […]) in Iraq in the latest financial year for total revenues of USD […].[60]

(50) Fourth, the Commission understands from the market investigation that local companies also bid for high value contracts and that the reputation of local companies has been growing over the last few years and many clients have indicated that they would be willing to consider them in the future. Indeed, the Commission understands that, with regard to Iraq for example, Taaz, a local Iraqi company, has been regularly invited to participate in tenders organised by a large customer, along with other "international" companies.[61] As the high-risk security services market appears to be mainly based on tenders, this continuous improvement to the quality of local suppliers is an indication that customers could consider them as alternatives to what G4S refers to as the Prime Providers.[62]

(51) Fifth, during the market investigation, market participants explained that some customers may prefer not to deal with large international companies and would prefer to deal with smaller mid-range security services providers who can give them a more personalised service, attention to detail and higher quality services than some of the bigger companies.[63] For instance, a market participant who could be in general considered as a "high value" customer, noted during the market investigation that "large international companies that are hierarchical and whose management is located far from Iraq do not provide the best services in the Iraqi dynamic high-risk environment."[64] Indeed, the Commission understands that mid-sized companies have been successful when participating in tenders against the "prime providers" and have won the relevant contracts.[65]

(52) Sixth, G4S argued that different security companies respond to demand in the "complex, high-end" segment (the Prime Providers) and in the "smaller, non-complex" segment (according to G4S, a large group of other international and local security companies operate in this segment). However, this argument is not supported by the bidding data provided by the Parties. According to the bidding data provided by the Parties for the years 2018-2020,[66] more than half of the tenders in

60 See the Notifying Party's response to question 1 of RFI-4.

61 See, for instance, minutes of a call of 30 October 2020 with a customer (ID247), paragraph 10.

62 See also paragraphs 20-22 of the Commission market definition notice. Specifically, para 21 states that: when companies market a wide range of qualities or grades of one product "even if, for a given final customer or group of customers, the different qualities are not substitutable, the different qualities will be grouped into one product market, provided that most of the suppliers are able to offer and sell the various qualities immediately and without the significant increases in costs described above".

63 See, for instance, minutes of a call of 13 November 2020 with a competitor (ID368), paragraph 15 and a call of 17 November 2020 with a competitor (ID391), paragraph 4.

64 See minutes of a call of 2 November 2020 with a customer (ID218), paragraph 9.

65 See minutes of a call of 13 November 2020 with a competitor (ID368), paragraph 15.

66 The Parties submitted separately bidding data that reflects their understanding of tenders in Iraq and Afghanistan, the bidding and winning companies and the contracts' value.

Iraq and Afghanistan were tenders G4S qualifies as "smaller, non-complex".[67] In practically all of the smaller, non-complex tenders identified by the Parties at least one of the "prime providers" participated.[68] GardaWorld for example participated in […] and won […]; other international security companies participated in dozens of tenders.[69] In more than half of the "smaller, non-complex" tenders for which the competitors are known, at least two Prime Providers competed against each other.[70] Similarly, other international and local security companies participate in (what G4S would qualify as) "complex high-end" tenders. In more than two third of the complex high-end tenders identified by the Parties other international and local security companies participated.[71] The total number of other international and local security companies competing on complex high-end was close to 30 [...]. More than a dozen [...] of them won such a tender.[72] There is therefore no supply-side basis to a distinction between the two segments.

(53) Finally, the Commission notes that also with regard to the "standard" manned guarding security services, the Commission has not in its past practice subdivided the market according to whether the security contracts were complex high value or smaller contracts.

4.1.1.3. Conclusion on the product market

(54) Based on the above, the Commission considers that there are strong indications that the provision of manned guarding security services in "high-risk" environments can be distinguished from the provision of "standard" manned guarding services. Regarding a subdivision of the market for high-risk security services distinguishing between large-scale, complex, high-value contracts and smaller, noncomplex contracts, the Commission considers that, for the reasons mentioned above, this further distinction is not warranted.

4.1.2. Geographic market

4.1.2.1. The Parties' views

(A) The Target's views

(55) According to G4S, the geographic scope of the market for high-risk security services should be considered as global. G4S notes that the customers for high-risk security services are the major oil, gas, engineering and telecoms corporates or governments across the world and that a distinction has to be made between the location where the services are delivered (for instance, high-risk locations such as Iraq or Afghanistan) and the location where the services are procured (for instance, London, Brussels or

67 See Table 1 in the Commission Bidding Analysis.
68 See Table 2 in the Commission Bidding Analysis.
69 See Table 2 and Table 3 in the Commission Bidding Analysis.
70 See Paragraphs 21 and 24 in the Commission Bidding analysis.
71 See Paragraph 21 and 25 in the Commission Bidding Analysis.
72 See Table 4 and Table 5 in the Commission Bidding Analysis.

Washington). According to G4S, the suppliers and customers are generally not headquartered in the jurisdictions where the services are delivered.[73]

(56) On the **demand** side, G4S submits that competition for high-risk security service contracts often takes place where the customer is headquartered and the decision made, which does not necessarily correspond to where the services are actually provided.[74] According to G4S, the procurement processes of the major European embassies (UK, Germany, Netherlands, Italy) vary. However, it submits that in each case a substantial element of the decision takes place in Europe.

(57) G4S submits that the decisions to award contracts by large corporations including oil majors are also often taken centrally at their head offices but can include input from the business on the ground in the relevant hostile location.[75]

(58) On the **supply** side, G4S submits that the location of where the service is to be supplied is no barrier to any of the providers competing for these contracts. According to G4S, capability is not location specific. G4S submits that having won the tender with a given government, or having contracted with an oil and gas company, G4S RMG then sends its operators and equipment to the relevant location to supply the high-risk security services. G4S submits that there is no need to have any presence already on the ground in a locality in order to demonstrate its level of service during the tender process. For example, according to G4S, G4S RMG was awarded a contract despite having had no previous presence in the relevant country prior to the award of the contract.

(59) Therefore, G4S submits that as, i) the decisions to award contracts for high-risk security contracts are typically taken in the home country of the relevant government or the country where the corporate entity is headquartered; ii) the services performed under the contracts are provided in different countries to those where the decision is made; and iii) the capability to perform the contracts is not location-specific, competition, in its view, takes place on a global market for high-risk security services.[76]

(B) The views of the Notifying Party

(60) GardaWorld submits that, by definition, any potential market for the provision of manned guarding services in "high threat regions" is national, rather than a global market combining all "high threat regions" worldwide.[77]

(61) From a **demand side** perspective, GardaWorld notes that, first, in terms of geographic pattern of customers' purchases, customers of manned guarding services in "high threat regions" source their services in the same manner as they do for other regions. Specifically, such customers send requests for proposals to both (i) companies active worldwide, such as GardaWorld, and (ii) local or regional

73 See, for instance, "Third Submission" of G4S of 18 November and "Second Submission" of G4S of 30 October 2020.

74 See, for instance, "First Submission" of G4S of 23 October and "Third Submission" of G4S of 18 November.

75 See "First Submission" of G4S of 23 October 2020.

76 See, for instance, "First Submission" of G4S of 23 October 2020.

77 See, for instance, Form CO, paragraph 137.

security firms. Similarly, such customers use the same main criteria to decide upon their security supplier for "high-threat regions" as they do for other regions: price, past performance in the geography in question, licensing (at the country and State or regional level). Virtually all of these contracts are tendered and awarded individually on a country-by-country basis (that is, not as part of a global contractual framework).

(62) Second, customers for manned guarding services in "high threat regions" choose their suppliers on the basis of proximity to the specific country or narrow regions where customers need such services and not because a supplier may have international capabilities or can provide services across a range of high-threat countries that do not include the country the customer is targeting.

(63) Third, there is also a need for a local presence from the customers' perspective as many customers (i) require payments to be made locally, which in turn necessitates that suppliers open a local bank account, and (ii) favour dealing with locally registered entities and "in country" management teams.[78]

(64) From a **supply side** perspective, GardaWorld notes that, first, to provide manned security services in "high threat regions", all providers of such services require contractors, local employees and infrastructure present in the country where the services are provided; visas for expatriate workers (which can be complex to obtain and can represent a lengthy process), quotas or requirements to use local employees, and the necessity to provide local training are also barriers to using expatriate employees. Thus, in most instances, GardaWorld and its competitors employ local personnel to provide manned guarding services. Suppliers of manned guarding services in these regions also must deploy assets (that is, vehicles, uniforms, communication equipment) locally as well, as it would represent a logistical challenge to move these assets through customs in a timely manner and very often, by law, vehicles need to be locally procured. Together, these factors limit the geographic scope of a potential market for the provision of manned guarding services to individual countries and exclude the existence of a collective "high threat regions" geographic market spanning multiple countries.[79]

(65) Second, GardaWorld notes that although a company may enter the market provided that personnel are local employees and assets are deployed locally, there are legal and regulatory considerations, which vary by type of services and by country, that also sharply limit the geographic scope of the market. Regulations impacting manned guarding services include experience with local geography, government officials, language and training requirements to address the specific threat requirements of the country or customer in question, the carrying and use of firearms, uniform requirements, licensing mandates and procedures, badge and identification requirements.

(66) Third, GardaWorld notes that the Parties compete for the provision of manned guarding services not only with worldwide providers of manned guarding services, but also with local or regional players. GardaWorld submits that it has recently lost

78 See Form CO, paragraph 138.

79 See, for instance, Form CO, paragraph 139 a).

certain customer opportunities to local providers in various "high threat regions" or elsewhere in the Middle East / Africa.[80]

(67) Fourth, according to GardaWorld, providers of manned guarding services in "high threat regions" do not serve their customers from "hubs" which consolidate the personnel required to perform such services.[81]

(68) Finally, the notifying party also notes that pricing of such services is also set depending on where the services are provided.

4.1.2.2. The Commission's view

(69) In its past practice, the Commission has considered that the geographic scope for the provision of manned guarding security services is national.

(70) For instance, in its decision in case M.3396[82] the Commission noted that the markets appears to be national due to the existence of specific national regulations and standards, such as licences for both the companies and their employees, language differences and national preferences derived from the reputation of each of the players at the national level. The Commission observed that such national requirements impede securities companies to expand to new geographic markets by simple organic growth; this is why there is a tendency to acquire already existing small or medium size companies to enter new markets.[83]

(71) The results of the market investigation in this case suggest that this would be the same also with regard to the provision of high-risk security services. Indeed, the market investigation has demonstrated, among others, the need for local presence (in order to gain contracts and provide the relevant services), the presence of, for instance, regulatory barriers, arising from requirements for administrative authorisations as well as price differences among different countries relating to the provision of such services. These are all elements pointing strongly towards national geographic markets.[84]

(72) First, from a **supply side** perspective, the Commission understands that security companies must comply with all national regulatory requirements in the country of operation including, but not limited to, licensing.

(73) The Notifying Party notes, for instance, that to offer manned guarding services in a "high threat region" requires in particular: a) setting up a locally registered entity; b) a local bank account as many customers require local payments; c) a local

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80 See Form CO, paragraph 139 c).

81 See Form CO, paragraph 139 d).

82 See paragraph 49 of the Commission decision in case M.3396.

83 The Commission also noted that this could be one of the reasons why the geographic presence of the main security companies within the EU is highly fragmented: a company can have a strong presence in one Member State while being completely inexistent in a neighbouring geographic market. This provides a strong indication that the markets for manned guarding, including alarm monitoring and response, electronic guarding equipment and aviation security services are national in scope. See paragraph 49 of the Commission decision in case M.3396.

84 See also the Commission Notice on the definition of relevant market for the purposes of Community competition law (the market definition notice) OJ C 372, 9 December 1997, p.5; in particular paragraphs 29-30 and 45-50.

infrastructure: physical office and in-country management team; d) assets deployed locally (i.e., armoured vehicles, body armour, communication equipment), as it would represent a logistical challenge to move these assets through customs in a timely manner and very often, by law, vehicles need to be locally procured; e) visas for expatriation workers can be complex to obtain and can represent a lengthy process, favouring the use of local companies; f) local workforce engagement and local training.[85]

(74) Market participants stressed that the provision of high-risk security services is highly regulated in the countries of operation. Consequently, the nature and scope of the services depends to a large extent on the country of operation and varies significantly between countries.[86] Regulatory compliance is a significant challenge because security companies must adapt their procedures and equipment to local requirements. As one market participant put it, "a service provider needs to know the country very well to be able to operate and be competitive."[87] G4S also noted, for instance, that following all necessary administrative steps to establish a high-risk security services business is a lengthy and costly process and that it is very difficult for a new provider to enter the industry and operate in these complex environments.[88]

(75) Another market participant noted that in some countries only local companies can provide armed security services and international companies have to find a local partner in order to obtain a licence. This market participant noted that licensing processes are very complex and local regulation tends to strongly favour local companies. In Iraq, for example, private foreign companies can provide armed security services. The companies would typically import their firearms but those must comply with strict local regulation and licensing obligations. There is also an additional requirement of depositing a high value bond in Iraq (hundreds of thousands of USD).[89] In Libya, only local companies can provide armed security and therefore international companies must work with local partners. Mozambique also requires a local partner but the arms are provided by the army. In Nigeria, only state officials can carry firearms.[90] Regulatory compliance is therefore a significant challenge because security companies must every time adapt their procedures and equipment to local requirements in each country they operate.

(76) Second, the local element of the service, either by directly hiring locals or through local sub-contractors is very important for the provision of these services for several reasons. In the first place, it is essential in order to be competitive because foreign staff is expensive. In the second place, it is usually a national regulatory requirement in order to receive a licence to operate in a country.[91] In addition, insisting on the

85 See Form CO, paragraph 180.

86 See, for instance, minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 6; minutes of a call of 30 October 2020 with a customer (ID247), paragraph 2 and minutes of a call of 13 November 2020 with a competitor (ID368), paragraph 4.

87 See minutes of a call of 29 October 2020 with a customer (ID294), paragraph 6.

88 See minutes of a call of 28 October 2020 with G4S, paragraph 7.

89 See minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 9.

90 See, for instance, minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 6 and minutes of a call of 30 October 2020 with a customer (ID247), paragraph 2.

91 See, for instance, minutes of a call of 30 October with a competitor (ID276), paragraph 11.

participation of locals in the provision of the service is a way to build local security capabilities.[92]

(77) Third, the majority of market participants indicated that, in order to win contracts the security company must already be able to show that it has a national licence to operate in the country as well as the required equipment. Licensing processes are very complex and time consuming and local regulation tends to strongly favour local companies. As explained above, in some countries only local companies can provide armed security services and international companies have to find a local partner in order to obtain a licence. A market participant highlighted that a provider would need in-country licence provided by the government of each country and this would, for instance, take at least one year in Iraq. A local name may also need to be included on the licence and there are administrative and legal fees to consider and often companies employ specific people to carry out the negotiations.[93] Also, G4S has indicated that the authorities in Iraq and Afghanistan are very reluctant to issue any new licences to foreign private security providers and have not done so recently.[94]

(78) Moreover, regarding the armoured vehicles, market participants noted that in Iraq, for instance, the terms of the licence for armoured vehicles do not allow the security company to re-export the vehicles or even re-sell them locally. Therefore, the provision of a fleet of vehicles is a high barrier to enter a country of operation.[95]

(79) Consequently, based on the above, the Commission considers that in order to provide high-risk security services a company would need very specialised know how that is also country specific and to abide by national regulations and strict licensing requirements which differ from country to country. Local presence and a sufficient local partner with local management in the country are crucial for any high-risk security service provider to be chosen to win a tender process and start providing services in one of the relevant countries, which is a strong indication that the geographic scope of the market must be considered as national.[96]

(80) In addition, the Commission notes that, fourth, the majority of the market participants indicated that prices for these services would differ, depending on the country where they are provided. For instance, market participants noted that prices in Afghanistan are higher than those in Iraq because Afghanistan is considered to be more dangerous and because the market is smaller and composed mostly by diplomatic delegations rather than commercial companies.[97] The armoured B6

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92 See minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 13.

93 See minutes of a call of 12 November with a customer (ID228), paragraph 6.

94 See, for instance, the "Third Submission" of G4S of 18 November 2020 where it submits that entry into high-risk territories of Iraq and Afghanistan is impossible at the current time for foreign private security companies and that the authorities in these jurisdictions have not awarded any new licences to foreign private security providers in the last five years.

95 See, for instance, minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 5.

96 See also paragraph 30 of the Commission market definition notice.

97 See, for instance, minutes of a call of 12 November 2020 with a customer, paragraph 15 and minutes of a call of 17 November 2020 with a customer (ID387), paragraph 16.

vehicles are also more expensive in Afghanistan because it is more difficult to bring them into the country and their availability is limited.[98]

(81) In Afghanistan, for example, armoured vehicles cannot be bought but must be rented from local providers and they set the rates. In Iraq, Somalia and Mozambique it is possible to buy and own armoured vehicles and amortise the cost. Large security companies can also use their buying power to lower costs. In Iraq, armoured vehicles must be replaced every three years, a requirement that adds additional costs. Once bought, it is very difficult to re-sell armoured vehicles or to move them out of the country.[99] Somalia would appear to have similar cost dynamics to Afghanistan.[100]

(82) Another market participant noted that prices for subcontracting high-risk security services differ widely depending on local conditions. For instance, prices differ greatly between Iraq or Afghanistan and other regions such as Africa. In addition, prices are driven also by the local circumstances at a specific point in time and the level of risk in a country or region.[101] For example, when an armed conflict is escalating, prices can rapidly increase from one week to the next as demand outweighs supply. Prices can then differ not only between countries but also between regions of the same country.[102] Prices would also depend on the type of protection mix needed. In some countries, less (expensive) mobile protection is needed while in Iraq, for example, mobile protection for long journeys is common. Local regulation would also influence costs: in Libya, expats cannot provide mobile protection so it is based on locals who are not as expensive. By contrast, in Afghanistan, even the driver is an (expensive) expat. In Iraq, mobile details are usually mixed expats and locals while the team leader and medical staff within the teams are expats.[103]

(83) The Notifying Party explained that the manned guarding services it provides in "high threat regions" which include primarily mobile patrol and static security services, are typically priced locally.[104] It noted that virtually all contracts are tendered and awarded individually on a country-by-country basis (that is, not as part of a global contractual framework) and pricing is based on the location where the services are provided. For example, GardaWorld charges […] for B6 armoured vehicles in Afghanistan compared to Iraq and […] in Somalia.[105] It explained that these rates are influenced by differences in import duties, lifespan of the vehicle that varies significantly between countries because of the conditions and requirements of their operation in each country and supply availability in the country of operations.[106] Price dynamics are different for local guards. The rate of a local guard in Iraq is approximately […] than Afghanistan and […] than Somalia, reflecting differences in

98 See, for instance, minutes of a call of 17 November 2020 with a competitor (ID391), paragraph 12 or minutes of a call of 12 November 2020 with a customer (ID228), paragraph 15.
99 See minutes of a call of 17 November with a competitor (ID391), paragraph 12.
100 See minutes of a call of 12 November 2020 with a customer (ID228), paragraph 15.
101 See minutes of a call of 17 November 2020 with a customer (ID387), paragraph 16.
102 See minutes of a call of 13 November with a customer (ID370), paragraph 12.
103 See minutes of a call of 17 November 2020 with a customer (ID387), paragraph 16.
104 In addition to the examples above, see also the Notifying Party's response to RFI-2, paragraph 5.
105 See Form CO, paragraph 161.
106 See the Notifying Party's response to RFI-2, paragraph 22.

local labour costs.[107] Expat guards are […] expensive in Iraq and […] expensive in Afghanistan compared to Somalia.[108]

(84) The cost information provided by G4S supports this conclusion. G4S explained that cost differs between countries due to in the first place, market practices regarding leave provision that differ between countries (shorter rotations require more personnel and higher costs). In the second place, the costs of international flights to and from the country, taxation, visas and work permits etc. can vary. In the third place, the infrastructure on the ground can impact costs (e.g. the immature road network in South Sudan can increase transport costs). In the fourth place, the specific threat associated with the project can affect risk premiums offered to employees and the level of protective equipment necessary for delivery.[109]

(85) Finally, the Commission notes that there are local players who are active in the national markets and who provide high-risk security services. As indicated above by GardaWorld, some of these local players (who are different according to the specific country) compete against the bigger international companies during the tender process and have been able to also win tenders against these larger competitors. The majority of market participants noted that in general local high-risk security services companies have improved significantly in past years and compete with international companies.[110] In Iraq, for instance, market participants consider companies like Taaz, Al Hurrea, Al Murabit or Iraq Land as potentially meeting the necessary qualification criteria to be approved to provide such services.[111]

(86) From a **demand side** perspective, first, the market investigation has demonstrated that customers such as, for instance, large multinational enterprises would in general look for security companies that already have the licence and necessary equipment and are already established in the country of operation because of the strict licensing requirements and the infrastructure that is required in order to provide the services. Being already established in the country of operations and having local expertise is a significant advantage and clients have a strong preference for already established security companies.[112]

(87) For instance, one market participant noted that they would be very reluctant to consider security companies that do not already have the necessary equipment (for example, weapons, ammunition, armoured vehicles, radio communication systems) in the country of operation because it is very difficult to procure the equipment in

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107 See the Notifying Party's response to RFI-2, paragraph 24.

108 See the Notifying Party's response to RFI-2, paragraph 25.

109 See response of G4S to RFI-3, question 3.

110 See, for instance, minutes of a call of 31 October 2020 with a customer (ID215), paragraph 13and minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 14. The latter market participant also noted that customers may have preferences and, for instance, Chinese and Russian companies tend to work almost exclusively with security companies from their respective countries.

111 See, for instance, minutes of a call of 30 October 2020 with a customer (ID247), paragraph 10; minutes of a call of 12 November 2020 with a customer (ID228), paragraph 12; minutes of a call of 17 November 2020 with a customer (ID387), paragraph 6 or minutes of a call of 12 November 2020 with a customer (ID377), paragraph 6.

112 See, for instance, minutes of a call of 2 November 2020 with a customer (ID218), paragraphs 6-7; minutes of a call of 30 October with a customer (ID247), paragraph 5; minutes of a call of 12 November 2020 with a customer (ID228), paragraph 9; minutes of a call of 13 November 2020 with a competitor (ID368), paragraph 11.

some countries. In Iraq, for instance, licences for armoured vehicles are valid only with the specific security company that applied for them and are not transferable. The equipment would have to be imported which is a complex and lengthy process. Therefore, customers would sometimes require a 100% guarantee that a security company has all necessary equipment at mobilisation (that is, the day the company takes responsibility for security)[113] and will prefer companies that have proved their ability to operate in the country. One market participant indicated that they would only consider a company without an already existing licence if the company could prove that it had taken the required steps and was close to obtaining the licence.[114]

(88) In the Commission's understanding, there have been instances where an international security company had failed to have all licences and equipment in place at mobilisation and consequently could not fulfil all its security tasks. From the point of view of the customer, it would therefore be an unnecessary risk to contract a security company that does not have all the necessary equipment already in the country of operations.[115] This was confirmed by another market participant who stressed they would prefer a company that has already proved their ability to work in a certain high-risk country because if the security company could not be ready on time, activities would have to be stopped in the unsecured facilities and would create losses for the client.[116]

(89) The Commission also understands that, as indicated by the Target, where equipment has already been in use in Iraq or Afghanistan, that equipment cannot be sold or transferred to another country (regardless of whether G4S RMG[117] has an established presence there). In such circumstances, due to local export laws, the equipment must be surrendered to the Ministry of Interior in the host country according to the terms and conditions of the private security company licences. Therefore, equipment will need to be imported from other not high-risk countries.[118]

(90) Second, in the Commission's understanding, the contracts are country specific even if the same security company is working with the same customer in different countries.[119] For instance, according to market participants, different tenders would be run for high-risk security services in Iraq and in Afghanistan[120] and the requirements in the contracts (and tenders) are tailored to the specific circumstances of the location and country of operation. One market participant indeed noted that "there is only one tender and one contract per country".[121]

(91) Third, the Commission notes that the high-risk security services market is a market where customers get offers from multiple suppliers (through tenders, for instance) with contracts that last anywhere between one year or more (in general up to six years but typically for three years). Regarding the tender procedure, the Commission

113 See minutes of a call of 2 November 2020 with a customer (ID218), paragraph 7.
114 See minutes of a call of 9 November with a customer (ID345), paragraph 12.
115 See minutes of a call of 2 November 2020 with a customer (ID218), paragraph 7.
116 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 11.
117 As mentioned above, see under paragraph 21 of this decision, G4S RMG is the business unit within G4S which provides high-risk security services.
118 See G4S' response to question 5 of RFI 3.
119 See minutes of a call of 30 October 2020 with a competitor (ID276), paragraph 8.
120 See minutes of a call of 12 November 2020 with a customer (ID228), paragraph 8.
121 See minutes of a call of 29 October 2020 with a customer (ID294), paragraph 3.

understands that the technical aspects are determined on the ground in each country and mainly by the local company entity operating in the country. This local company would also normally sign the contract with the security company. The tenders lay out the scope of work and set the prerequisites for international certificates and quality management standards. The evaluation of the tender is also generally performed in the country where the service will be provided, as it requires local technical expertise.[122]

(92) For instance, one customer also noted that it procures high-risk security services through tenders that are sent to a group of pre-vetted security companies. Their responses are examined in parallel by its technical security team and a financial team. The company's headquarters located in Europe may provide some assistance with respect to the financial side but overall tenders are run locally. The regional security team of the company that is based outside the EEA is responsible for determining the technical security requirements in tenders and for assessing the responses to tenders. The contract is signed with the company's subsidiary in Iraq.[123]

(93) Another market participant indicated that tenders would start with a discussion with the relevant posts in the country at stake to identify their security needs in order to prepare the technical specification in collaboration between the local posts and the headquarters.[124] While a customer indicated that tenders are usually run by the EU location,[125] another customer also confirmed that it procures high-risk security services through tenders that are run from its regional headquarters outside the EEA. Depending on the entity bidding for the work, the company subsidiary formally signing the contract will be either the one located in the UAE or Iraq. The company's regional security team would audit the facility and determine the security needs that would later be published in the tender.[126]

(94) Consequently, the Commission notes that the role of the local business on the ground in the relevant hostile location would appear to be central in the preparation of the tender process, its evaluation as well as when signing the relevant contracts.

(95) Finally, the tender documents are complex and the majority of market participants indicated that the company would need to show that they already have a licence to operate in the specific country. Only a few market participants would consider a company without a licence and this would be only if the company could satisfy them that it had taken the required steps and could show a clear path to obtaining the licence.[127]

(96) Based on the above, the Commission considers that high-risk security services are subject to regulatory regimes and customers choose suppliers based on their location and ability to provide services in the specific country rather than on their ability to provide services internationally.

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122 See, for instance, minutes of a call of 17 November 2020 with a customer (ID387), paragraph 10 and minutes of a call of 12 November 2020 with a customer (ID228), paragraph 8.

123 See minutes of a call of 2 November with a customer (ID218), paragraph 5.

124 See minutes of a call of 9 November 2020 with a customer (ID345), paragraph 6.

125 See minutes of a call of 29 October 2020 with a customer (ID294), paragraph 4.

126 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 10.

127 See minutes of a call of 9 November 2020 with a customer (ID345), paragraph 13.

4.1.2.3. Conclusion on the geographic market

(97) Based on the above considerations and, in particular the presence of specific national regulations and licensing requirements, national standards as well as the need for local presence to be able to provide high-risk security services, the Commission concludes that there are strong indications that the geographic scope of the market for high-risk security services is national. However, it can be left open, whether the geographic market is national or worldwide, as under both market definitions the Transaction would not raise serious doubts.

5. COMPETITIVE ASSESSMENT

(98) The Commission considers that irrespective of the appropriate market definition the Transaction does not give rise to competition concerns.

(99) As a preliminary observation however, the Commission considers that in view of the discussion above on market definition, in the present case it is unlikely that the competitive situation resulting from the Transaction relating to the provision of high-risk security services in third countries such as Afghanistan and Iraq, can constitute a significant impediment to effective competition ("SIEC") within the meaning of the Merger Regulation. In any case, even assuming that this is possible, in practice, in this particular case, this is not the case for the reasons explained below.

5.1. Market shares do not raise concerns

(100) The Parties have provided several sets of market share estimations according to the different possible product and geographic market definitions. In the absence of a commonly recognised definition of high-risk countries, the Notifying Party provided market shares estimations for manned security services, the product market it considers relevant, for (i) the countries considered high-risk under the US government's World Protective Services framework for purchasing security services abroad (ii) a wider geographic market that includes all of Africa and the Middle East[128] and (iii) a geographic market that includes Africa, the Middle East and Afghanistan but excludes countries that are not considered as high-risk.[129] According to the Notifying Party's estimates, the Parties' combined shares of these potential markets are between 10 to 20%, well below the 25% ceiling up to which competition concerns are presumed not to arise.[130]

(101) The narrowest possible geographic markets on which both Parties overlap are Iraq, Afghanistan and a combination of both. These are the only countries in which G4S is proving high-risk security services[131] and they are therefore also the only two countries regarding which G4S provided extensive market share data in its different submissions. These two countries represent […]% of the revenues of the Notifying Party from the provision of manned guarding services (including high-risk security

128 See Form CO, paragraph 151.

129 See the Notifying Party's response to RFI-2, paragraph 17.

130 See Commission guidelines on the assessment of horizontal mergers, recital 18.

131 See "Second Submission" of G4S of 30 October 2020, paragraph 10.

services) outside of North America.[132] Iraq and Afghanistan are generally the largest markets for international security companies for the provision of high-risk security services.[133] According to G4S, market shares in Iraq and Afghanistan "are the best available proxy for the impact of the Transaction on the [worldwide] market for the provision of high-risk security services."[134]

(102) In the absence of external sources for market shares, each of the Parties provided its best estimates that it compiled on the basis of the market intelligence available to it. The Parties' market share estimates may overstate their shares as they are mostly based on the opportunities they are aware of and may not cover the whole market. According to the estimates of the Notifying Party, the Parties' combined market share for the provision of manned guarding (including high-risk services) is below 20% in Iraq. In Afghanistan the Parties' combined market share is estimated to be at [30-40]%, (G4S: [0-5]%) well below the 40% ceiling above which a concentration may typically raise competition concerns.[135] In addition, the increment in the Notifying Party's market share post-Transaction in Afghanistan would be modest. The Notifying Party estimates that the Parties' combined market share in a market encompassing both countries would be [20-30]% (G4S: [5-10]%), that is at the ceiling up to which competition concerns are presumed not to arise. Furthermore, according to the Notifying Party, the Transaction would represent a modest increase in its market share.

(103) G4S provided its own estimates of market shares in Iraq and Afghanistan referring only to the provision of high-risk security services. The market share calculations of G4S are based on the bidding data it was able to collect. G4S considers its estimates to be highly confidential. It provided non-confidential ranges (that can be cited in this decision) regarding only its estimates of GardaWorld's market share. It did not provide ranges for its estimates of its own market share and insisted that they remain confidential.

(104) G4S estimates GardaWorld's market shares in the market for the provision of high-risk security services to be in the range of 70-80% [...] in Afghanistan, 30-40% [...] in Iraq and 40-50% [...] in both countries combined. G4S' estimates its own market shares to be modest [...].[136] In a later submission, G4S updated its estimates for the market combining the two countries, providing a slightly higher estimate for the market share of GardaWorld [...] and a higher estimate of its own market share [...].[137]

(105) Although G4S estimates the market shares of the Notifying Party to be high, the increment in the market share of the Notifying Party post-Transaction (that is G4S' estimates of its own market shares) is small and incapable of bringing about a significant change in the position of the Notifying Party in Iraq and Afghanistan. In addition, the position of the two other "Prime Providers", Constellis and Control Risks, would remain essentially unchanged in the markets post-Transaction.

132 See the Notifying Party's response to RFI-1, paragraph 19.
133 See "Third Submission" of G4S of 18 November 2020, paragraph 14.
134 See "Second Submission" of G4S of 30 October 2020, paragraph 11.
135 Commission guidelines on the assessment of horizontal mergers, recital 17.
136 "Second Submission" of G4S of 30 October 2020, Table 1 and Annex 2.
137 See response of G4S to RFI-4, figure 1.

Furthermore, G4S also refers to a group of other/local high-risk security companies representing together a significant market share [...] responding to substantial part of demand. Overall, even according to G4S' own estimates, a large share [...] of high-risk security services in Afghanistan and Iraq are offered by security companies other than the Parties.

(106) In a later stage of the procedure, G4S provided new estimates of market shares in Iraq and Afghanistan based on its proposal to identify two separate markets, one for complex, high-end high-risk security services and another for smaller, non-complex high-risk security services.[138]

(107) Although G4S identified the relevant market as complex, high-end high-risk security services, it argued that contracts with the US government, a significant customer in terms of number and value of contracts, should be excluded from the market share estimates (although they are part of the market) because G4S cannot compete on them as it is not a US registered company.[139] G4S estimated that with respect to contracts for complex, high-end high-risk security services excluding US government contracts, the share of the Notifying Party would be 60-70% [...] and that of G4S [...] slightly higher than estimated in its earlier estimates noted in paragraph 104 above at footnote 137.

(108) Moreover, G4S considered that the contracts in the segment for complex, high-end high-risk security services with local customers should also be excluded from the market shares estimates because they are served exclusively by local security companies (again, although they are part of the market as defined by G4S).[140] G4S' position was therefore that "the most appropriate proxy for assessing the full impact of the proposed transaction is the provision of high-risk security services to EEA customers in Iraq and Afghanistan with an ACV above EUR [...] million."[141] [...]. In that delineation, G4S estimates of the Parties' individual and combined market shares are very similar to its estimates cited in paragraph 107 above [...].[142] According to the estimates of G4S only the Prime Providers provide services to EEA customers.

(109) As noted above (as of paragraph 45), the Commission does not agree with G4S' view that the market should be segmented between complex, high-end services and smaller, non-complex contracts. Furthermore, it finds inconsistencies in G4S' presentation of market shares even within the terms of its own submission. According to the market definition proposed by G4S, US government contracts belong to the market for complex, high-end high-risk security services. The fact that G4S is unable to compete on the contracts of the US Government is not enough by itself to exclude them from the market share calculations. The US government is an

138 See response of G4S to RFI-4 and its "Third Submission" of 18 November 2020.

139 See response of G4S to RFI-4, paragraph 9 and figure 2. US government contracts are open only to security companies that can show that they are not under foreign ownership, control or influence (FOCI). However, foreign companies, such as GardaWorld for example, can overcome this constraint by establishing proxy boards or government approved Special Security Agreement that enable them to bid on this work. See the Notifying Party's response to RFI-4, paragraphs 16-17 and minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 5.

140 See response of G4S to RFI-4, paragraph 18.

141 See response of G4S to RFI-4, paragraph 19.

142 See response of G4S to RFI-4, figure 3.

important customer of high-risk security services that has significant effect on demand for these services. Competitors of G4S in this market compete for US government contracts and consequently supply in the market is affected.

(110) In the same vein, it is not clear why local customers should be excluded from the market share estimates only on the basis that they are served by local security companies, moreover when considering that foreign customers would also operate in these countries through a local entity. In fact, the bidding data provided by the Parties shows that both of them and other international security companies compete for local costumers.[143]

(111) Finally, it is not convincing to examine, as G4S suggests, market shares only with respect to EEA customers even though the market definition proposed by G4S is wider. According to the estimates of G4S, only the four "prime providers" have won complex high-end high-risk security contracts with EEA customers. However, the bidding data provided by the Parties as well as respondents to the market investigation described below confirm that other international and local security companies compete on contracts with EEA customers. About 20 [...] other international and local security companies have won contracts with EEA customers to provide such services in Iraq and Afghanistan, four of which won, what G4S refers to as complex high-end contracts.[144] About ten [...] additional companies competed on complex high-end contracts with EEA customers.[145] Therefore, other international and local security companies operating in the same market as the Prime Providers exert a competitive constraint also with respect to EEA customers.

(112) As will be explained in detail below, the results of the Commission's market investigation, including the opinions of respondents, both customers and competitors active in the potential complex, high-end segment of the market and including EEA and non-EEA customers, did not confirm G4S' views.

(113) Based on the bidding data provided by the two Parties, therefore allowing a more complete view of the market, the Commission calculated market shares for the years 2018-2020 for the different market delineations. In all delineations, G4S has negligible shares in Afghanistan [...].[146] In a delineation including all high-risk security contracts, which the Commission considers to be the relevant delineation to examine the Transaction, the Parties' combined market share is below 30% in Iraq [...] and below 50% [...] in both countries combined with a modest increment [...].[147] In a delineation relating only to complex high-end contracts, the Parties' combined market share is also below 30% [...] in Iraq, below 50% in both countries combined [...] and the increment is modest [...].[148]

(114) In conclusion, the different market shares estimates examined by the Commission do not raise by themselves competition concerns either because of the Parties' modest combined shares or because of the small increment that the Transaction would

143 See Table 6 and Table 7 in the Commission Bidding Analysis.
144 See Table 8 and Table 9 in the Commission Bidding Analysis.
145 See Table 10 in the Commission Bidding Analysis.
146 See Table 11 and 12 in the Commission Bidding Analysis.
147 See Table 11 in the Commission Bidding Analysis.
148 See Table 12 in the Commission Bidding Analysis.

represent. It is only under the far-reaching assumptions and overly narrow market definitions advanced by the G4S that market shares estimates and increments may give rise to competition concerns. However, G4S' views were not sufficiently substantiated and in any case were not confirmed by the market investigation.

5.2. Competition will remain strong post-Transaction

(115) The Transaction is not likely to change significantly the competitive position of GardaWorld in the market. The majority of respondents to the Commission's market investigation having expressed an opinion on the matter considered that the Transaction would not represent significant synergies or economies of scale that would strengthen the position of the merged entity in the provision of high-risk services. In fact, several respondents were of the view that with respect to high-risk security services, which are provided in complex environments, larger security companies may lack the flexibility and responsiveness to tailor the services to specific customer needs.[149] This view is also confirmed by the Parties themselves, submitting that there are limited economies of scale in the provision of high-risk security services across different countries.[150]

(116) Second, the Notifying Party and respondents to the Commission market investigation have confirmed that post-Transaction a number of international security companies providing high-risk security services would remain active and would be able to compete on tenders. Among them are the two remaining Prime Providers, Constellis and Control Risks, but also Caliburn, SOC, Hart International, Pilgrims, Amarante, Erinys, and Reed.[151] Customers responding to the Commission's market investigation considered that post-Transaction a sufficient number of competitors will remain.[152]

(117) In addition, competition from local companies appears to be intensifying. There is a large number of local security companies in Iraq and Afghanistan.[153] A number of respondents to the market investigation explained that the quality of services provided by local security companies has improved significantly during recent years. Currently there are several local security companies that compete directly with the international security companies and which, according to various respondents to the

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149 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 13; minutes of a call of 13 November 2020 with a competitor (ID368) paragraph 15; minutes of the call of 2 November with a customer (ID218), paragraph 9; minutes of the call of 30 October 2020 with a competitor (ID276), paragraph 13; minutes of a call of 30 October 2020 with a customer (ID247), paragraph 11; minutes of a call of 12 November 2020 with a customer (ID228), paragraph 16.

150 See the Notifying Party's response to RFI-2, paragraph 21; consolidated non-confidential response of G4S to RFI-3, paragraph 72.

151 See Form CO, paragraphs 151-153; minutes of a call of 9 November 2020 with customer (ID345), paragraph 13; minutes of a call of 13 November 2020 with customer (ID403), paragraph 11; minutes of a call of 12 November 2020 with customer (ID377), paragraph 9; minutes of a call of 12 November 2020 with a customer (ID228), paragraphs 9 and 16.

152 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 13; minutes of a call of 9 November 2020 with customer (ID345), paragraphs 12 and 14; minutes of a call of 13 November 2020 with customer (ID403), paragraph 11; minutes of a call of 30 October 2020 with a customer (ID247), paragraph 10.

153 See Form CO, paragraph 174.

market investigation will be considered by customers.[154] Among the names that were mentioned are Taaz, Al Murabit, Al Hurrea, Iraq Land and Falcon in Iraq; and Saladin and Premiere in Afghanistan.[155]

(118) Local security companies are considered cheaper than international companies and also benefit from policies of the local governments that favour them over international security companies. For example, it is easier and cheaper for local security companies to obtain licences. Consequently, prices went down in recent years and international security companies face strong competition from local companies. As a result, the position of international companies in the local markets is expected to erode in the coming years.[156]

(119) Furthermore, high-risk security contracts are concluded for a relatively short period, from one to six years (including the option years) but typically for three years.[157] When the term of a contract comes to an end, customers arrange a competitive bidding process to choose a security company for the next term. Competing security companies have the opportunity to obtain the new contract and the incumbent security company is required to compete again in order to keep it.[158] Customers are sophisticated and well informed, employing in-house security experts. Tender conditions are demanding and customers vet the responding security companies closely.[159] Customers can and do switch between security companies.[160] The bidding

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154 See the Notifying Party's response to RFI-4, paragraph 13-14; minutes of the call of 2 November with a customer (ID218), paragraph 4; minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 14; minutes of the call of 30 October 2020 with a competitor (ID276), paragraph 4; minutes of a call of 30 October 2020 with a customer (ID247), paragraphs 7 and 10 ; minutes of a call of 12 November 2020 with a customer (ID228),paragraph 11; minutes of a call of 31 October 2020 with a customer (ID215), paragraphs 5-7; minutes of a call of 12 November 2020 with a competitor (ID374), paragraph 10; minutes of a call 12 November 2020 with a customer (ID377), paragraph 6; minutes of a call of 17 November 2020 with a competitor (ID391), paragraph 10.

155 See section on closeness of competition below as well as minutes of a call of 12 November 2020 with a customer (ID228), paragraph 12; minutes of a call of 31 October 2020 with a customer (ID215) , paragraph 5; minutes of the call of 17 November 2020 with a customer (ID387), paragraph 5; response of G4S to RFI-4, paragraph 20; Form CO, paragraph 174; the Notifying Party's response to RFI-4, paragraph 13-14.

156 See minutes of a call of 3 November 2020 with a competitor (ID355), paragraph 5; minutes of the call of 30 October 2020 with a (ID276), paragraphs 9; minutes of a call of 30 October 2020 with a (ID247), paragraphs 7 and 11; minutes of a call of 31 October 2020 with a customer (ID215), paragraph 13; minutes of the call of 17 November 2020 with a customer (ID387), paragraphs 9, 15, 17; minutes of a call of 29 October 2020 with a customer (ID294), paragraph 6.

157 See minutes of a call of 31 October 2020 with a customer (ID215), paragraph 10; Minutes of a call of 9 November 2020 with customer (ID345), paragraph 2; minutes of the call of 17 November 2020 with a customer (ID387), paragraph 14, minutes of the call of 2 November with a customer (ID218), paragraph 5; minutes of a call of 29 October 2020 with a customer (ID294), paragraph 3; minutes of a call of 30 October 2020 with a customer (ID247), paragraph 8; minutes of a call of 12 November 2020 with a customer (ID228), paragraph 14.

158 See minutes of a call of 29 October 2020 with a customer (ID294), paragraph 5; minutes of a call of 9 November 2020 with customer (ID345), paragraph 10.

159 See minutes of the call of 17 November 2020 with a customer (ID387), paragraphs 4 and 10; minutes of the call of 2 November with a customer (ID218), paragraphs 5 and 8; minutes of a call of 29 October 2020 with a customer (ID294), paragraphs 2 and 5; minutes of a call of 30 October 2020 with a customer (ID247), paragraph 5; minutes of a call of 9 November 2020 with customer (ID345), paragraphs 6-12; minutes of a call of 12 November 2020 with a customer (ID228), paragraph 8; minutes of a call of 31 October 2020 with a customer (ID215), paragraphs 9 and 10; minutes of a call of 13 November 2020 with customer (ID403), paragraphs 3 and 5.

data for the years 2018-2020 provided by the Parties shows that in close to two thirds of tenders where it can be said with certainty whether the incumbent was changed or remained, customers switched security companies.[161] GardaWorld itself was replaced in […] [...] of contracts in which it was the incumbent.[162]

5.3. The Parties are not close competitors

(120) The bidding data provided by the Notifying Party shows that various security companies can be considered closer competitors to the Notifying Party and that G4S exerts only a limited constraint on it. In Afghanistan, G4S is only the sixth closest competitor in terms of number of tenders participated.[163] From a total of […] tenders, G4S only participated in […], fewer than Constellis (at least […]), Reed ([…]), Caliburn ([…]), SOC ([…]) and Hart Security ([…]). GardaWorld also competed in tenders against a local company, Premiere ([…]). Furthermore, Constellis won […]% of the estimated value of the contracts which GardaWorld lost in Afghanistan, while G4S did not win any. In Iraq, from a total of […] tenders, the closest competitor of the Notifying Party is Constellis ([…]), followed by Control Risks ([…]), Caliburn ([…]), Reed ([…]), SOC ([…]) and G4S (it participated in […] of those tenders) as sixth closest competitor. Furthermore, various local suppliers participate such as Al Murabit ([…]), Falcon ([…]) and VSC Security ([…]). Of the contracts lost by the Notifying Party ([…]), less than […]% of the lost contract value went to G4S. Therefore, in a market encompassing both Iraq and Afghanistan G4S is only the sixth closest competitor to GardaWorld based on the number of tenders in which they have participated.

(121) The Commission also received bidding data from G4S. The addition of this data provides a more complete picture of the tenders in which G4S also competed. Analysis of the two bidding data sets together, shows that with respect to the tenders on which GardaWorld competed there were several security companies that competed with GardaWorld significantly more times than G4S. Other security companies, including local companies, competed with GardaWorld on a similar number of tenders as G4S. This holds true when examining each of Afghanistan and Iraq separately and when examining both countries combined. [...][164]

(122) The above analysis of the bidding data shows that there is a limited restraint of G4S on GardaWorld and post-Transaction there will remain other, closer and strong competitors that will constrain the merged entity.

5.4. Respondents did not raise concerns

(123) Overall, respondents to the market investigation were not concerned about the Transaction. None of the customers responding to the market investigation raised specific competition concerns with respect to the Transaction. Half of the customers expressed the view that the Transaction will not adversely affect competition. They

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160 See minutes of a call of 30 October 2020 with a customer (ID247), paragraph 8; minutes of a call of 9 November 2020 with customer (ID345), paragraph 7; minutes of a call of 3 November 2020 with a competitor (ID355), paragraph 11.

161 See Table 13 in the Commission Bidding Analysis.

162 See Table 14 and Table 15 in the Commission Bidding Analysis.

163 See the Notifying Party's response to RFI-1, paragraphs 17 to 29.

164 See Table 16 in the Commission Bidding Analysis.

explained that they do not believe that the Transaction will improve GardaWorld's ability to compete in the provision for high-risk security services, that they believe that there will remain a sufficient number of competitors and that local security companies backed by their governments are increasingly competitive.[165] The other half of customers did not express an opinion on the effects of the Transaction on competition.[166] The majority of competitors responding to the market investigation also confirmed that the Transaction would not affect their ability to compete.[167]

5.5. Conclusion on competitive assessment

(124) In view of the above considerations and all evidence available to it, the Commission considers that the Parties will face sufficient competition in the market for high-risk security services post-Transaction and that the competitive constraints on the Parties would be sufficient. The Commission therefore concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to the horizontal effects in the market for high-risk security services under any of the plausible geographic market definitions considered.

6. CONCLUSION

(125) 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
Executive Vice-President

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165 See minutes of a call of 2 November with a customer (ID218), paragraph 9; minutes of a call of 30 October 2020 with a customer (ID247), paragraph 11; minutes of a call of 31 October 2020 with a customer (ID215), paragraph 13; Minutes of a call of 9 November 2020 with customer (ID345), paragraph 14; minutes of a call of 13 November 2020 with customer (ID403), paragraph 11.

166 See minutes of a call of 29 October 2020 with a customer (ID294), paragraph 7; minutes of a call of 12 November 2020 with a customer (ID228), paragraph 16; minutes of a call of 13 November 2020 with customer (ID370), paragraph 13; Minutes of a call of 12 November 2020 with customer (ID377), paragraph 11; minutes of the call of 17 November 2020 with a customer (ID387), paragraph 17.

167 See minutes of a call of 13 November 2020 with a competitor (ID368), paragraph 15; minutes of a call of 3 November 2020 with a competitor (ID355), paragraph 6; minutes of the call of 30 October 2020 with a competitor (ID276), paragraph 13, minutes of a call of 29 October 2020 with a competitor (ID353), paragraph 16.