



INDEPENDENT CONSUMER & COMPETITION COMMISSION

Telephone: (675) 325 2144
Facsimile: (675) 325 3980

1st Floor, Garden City, Boroko
P. O. Box 6394, BOROKO, NCD

DETERMINATION

**APPLICATION FOR CLERANCE OF THE
ACQUISITION OF HEVILIFT (PNG) LIMITED AND
REGIONAL AIR LIMITED**

BY

HEVILIFT LIMITED

APPLICATION LODGED 20 APRIL, 2005

DETERMINATION

Background

Parties to the Proposed Acquisition

This determination relates to the application pursuant to Section 81 of the Independent Consumer and Competition Commission Act 2002 (*Act*) by Hevilift Limited (***JV Company***) for Clearance of its proposed acquisition of Hevilift (PNG) Limited (***Hevilift***), a subsidiary of Collins & Leahy Group (***CLG***) (itself a subsidiary of the international Swire group of companies) and Regional Air Limited (***RAL***), a privately owned family company.

JV Company is a newly incorporated company established as a joint venture between CLG and RAL, which, subject to clearance by the Commission, will own and operate the respective businesses of Hevilift and RAL.

Hevilift is based in Mt Hagen and operates domestic air charter services by rotary wing aircraft (helicopters) through Hevilift (PNG) Limited and the related companies Rotorwork Helicopters (PNG) Limited, Nowra No.87 Limited and Labu Welding & Engineering Limited. Its current fleet consists of eleven small and two large helicopters.

CLG is a member of the Swire Group of companies, which owns and operates other businesses outside the aviation industry including shipping, wholesale and retail businesses, hotels, property and manufacturing.

RAL is owned by the Booij family based in Madang and operates air charter services throughout Papua New Guinea by fixed wing aircrafts (aeroplanes). The family's current fleet consists of three 20 seat Twin Otter aircraft (DHC 6) and one 7 seat Beechcraft King Air Aircraft (B200).

Acquisition Proposal

CLG and RAL have entered into a Joint Venture Agreement (JVA) in January 2005, which is subject to certain conditions precedent including necessary regulatory approvals from the ICCC.

The main objectives of CLG and RAL in entering into the JVA, the applicant submits, are to remain competitive in an increasing dynamic market by reducing overheads, enhancing product, and service innovation through the consolidation of assets. The merger of CLG and RAL assets are claimed to create synergies that will achieve cost reductions.

The applicant further proposes that the acquisition is likely to enhance Hevilift's ability to generate increased employment and revenue opportunities in Papua New Guinea as well as enhancing the existing offshore businesses of CLG and RAL.

Application for Clearance

JV Company has lodged an application for clearance of the proposed acquisition of Hevilift (PNG) Limited and Regional Air Limited pursuant to Section 81(3) of the ICCA Act, which provides that the Commission must within 20 days make a determination on whether or not to grant clearance of the proposed acquisition.

Elements of a Clearance

JV Company applied for a clearance of the proposed acquisition under Section 81 of the *ICCA Act 2002*. Section 81(3) of the Act provides that the Commission shall:

- (a) if it is satisfied that the acquisition will not have, and will not be likely to have, the effect of substantially lessening competition in a market, by notice in writing to the person by or on whose behalf the notice was given, give a clearance; or
- (b) if it is not satisfied that the acquisition will not have, and will not be likely to have, the effect of substantially lessening competition in a market, by notice in writing to the person by or on whose behalf the notice was given, decline to give a clearance for the acquisition.

In order to arrive at the decision whether to grant a clearance or not, it is necessary to assess the competition effect of the proposed acquisition in the market.

The market

The applicant submitted that there are two separate markets for general aviation services provided by fixed wing aircraft (aeroplanes) and rotary wing aircraft (helicopters), rather than a single aviation market.

It further submits that while there are overlaps in the demand between services provided by helicopters and small fixed wing aircraft for certain number of passengers or volume of freight, there is a basic distinction between the services provided by fixed wing aircraft and rotary wing aircraft respectively. The specific arguments advanced are as follows:

(a) Aviation services by fixed wing aircraft

JV Company submitted that fixed wing aircraft provide aviation services for the carriage of passengers and for the transportation of freight. The provision of these services does not distinguish between passengers and freight. There are no separate markets for carriage of passengers and the transportation of freight by fixed wing aircraft because in the domestic market, 90% of freight is transported on passenger services.

The providers of aviation services for the transportation of freight by fixed wing aircraft include Air Niugini, DHL and TNT. Fixed wing aircraft provide passenger and freight aviation by charter and by regular passenger transport (RPT). While there is low demand side substitutability between charter services and RPT, it is clear that there is considerable overlap on the supply side in respect of charter services and RPT.

(b) Aviation services by rotary wing aircraft

Similarly, rotary wing aircraft provide aviation services for the carriage of passengers and for the transportation of freight. It is argued that there are no separate markets for carriage of passengers and transportation of freight by helicopters.

Rotary wing aircraft are only used when fixed wing aircraft cannot be used due to logistical reasons such as the absence of an airstrip. It is argued that these limitations mean that helicopter services cannot be substituted for fixed wing services except on very short distance flights, within a radius of 150-300 nautical miles from an established helipad and refuelling facilities.

Charter of rotary wing aircraft is more expensive per passenger or per kilo of freight than charter of fixed wing aircraft.

The Civil Aviation Authority regards fixed wing and rotary as separate activities in that separate licences are required to operate these aviation services.

For these reasons, it is argued that rotary wing services are distinct from aviation services provided by fixed wing aircraft.

The Effects of Competition in the Market

Market share

In providing estimates of market share to the Commission, the applicant emphasised their view that aviation services provided by fixed wing aircraft are different to that provided by rotary wing aircraft. Thus, it was argued that the market share information should be seen in the context of two separate markets.

The Commission has not discounted this view, but notes that there are situations where there would be direct competition between fixed and rotary wing aircraft, although acknowledging that this would be at the margin in terms of the existing market characteristics.

Fixed wing aircraft market

The applicant submitted that the fixed wing aviation market is comprised of seven main participants and an estimated ten other small operators. The seven main competitors identified are Air Niugini, Airlines PNG, Airlink, Summer Institute of Linguistic (SIL), Mission Aviation Fellowship (MAF), New Tribes Mission and Regional Air Limited (RAL).

The estimated market shares of the major participants indicate that Air Niugini is the major operator in the fixed wing aviation market with 55% of the market share, followed by Airlines PNG 20%, Airlink 10%, SIL, MAF and RAL with 3%, New Tribes Mission 2% and the other remaining operators make up the remaining 5%.

The Commission notes that this assessment does not take into account the operation of freight aircraft from overseas who bring freight into and take it out of PNG, thereby meeting part of the domestic freight requirements.

Rotary wing aircraft market

In the rotary wing aviation market, the applicant submitted that there are six major participants comprising Heli Niugini, CLG, Pacific Helicopters, Island Nationair, South West Air and Columbia Helicopters. The Commission notes that this assessment does not take into account new entrants such as National Aviation Services.

The estimated market shares of the major participants indicate Heli Niugini is clearly the major operator in the rotary wing aviation market with 61% of the market share, followed by CLG and Pacific Helicopters with 15% respectively, Islands Nationair 5%, South West Air 2% and Columbia Helicopters 2%.

CLG had previously also operated fixed wing aircraft in PNG. However, CAA has confirmed that CLG has ceased operation of its fixed wing aviation services in 2003. Thus, based on the Commission's investigations, there are no companies that have an interest in both the fixed and rotary wing aircraft industry.

The Commission undertook some inquiries into the relative size of the market held by each of the current participants, and is happy to accept the market shares as estimated and provided by JV Company.

Market characteristics

Fixed wing aircraft market

The applicant submitted that the fixed wing aircraft aviation services market is extremely competitive. They argued that there are numerous competitors in the market none of which has market power and customers generally purchase charter services on an ad hoc basis for varying durations of time. The JV Company argues that the profit margins of the relevant participants in this market are not substantial reflecting the fact that there is effective competition in the market.

It also claimed that the market is characterised by some short-term contracts primarily for customers in the resources sector. These contracts are currently held by RAL, Airlines PNG and Air Niugini and make up around 20-30% of the total market. The contracting of fixed wing aviation services is highly competitive, with contracts generally put to tender and with change of supplier common.

Rotary wing aircraft market

The applicant submitted that RAL is not a competitor in the rotary wing aircraft aviation services market and further submitted that the rotary wing aircraft aviation services market remains highly competitive despite there being approximately 46 rotary wing aircrafts in operation in PNG currently compared to 120 in 1990. The decline in the number of aircraft is due to the downturn in mineral exploration and economic growth since the 1980s and 1990s.

The Commission has considered the arguments put forward by the JV Company. The Commission is of the view that while the merger between CLG's rotary wing aircraft operations and RAL's fixed wing aircraft operations will create an overlap in the aviation industry, (a first of its kind in the industry), the joint venture will not result in the removal of a player in the market nor will there be any concentration of market share for Hevilift or RAL. The markets that are being services by Hevilift and RAL, while having some overlap; have all the characteristics of being separate markets with separate factors driving demand and service delivery. The Commission notes that the Civil Aviation Authority (CAA) regards fixed wing and rotary wing aviation services as separate activities for licensing and operational purposes, although this of itself does not mean that the market in which they operate is separate. However, given the nature of the services that are provided, the locations into which rotary wing aircraft will be used by comparison to fixed wing aircraft, and the relative size of the existing competitors to Hevilift and RAL, the Commission believes that there is support for the position put by the JV Company that these businesses should be regarded as operating in different markets and facing different market constraints and performance requirements.

Furthermore, due to the highly competitive characteristic of the market, especially in the fixed wing aircraft market, the JV operation will not be in a position to dominate the market because the contracting of fixed wing aviation services varies from time to time with contracts generally put to tender and often can be easily terminated on 30 days notice in the event of change in price by the operator.

Arguments advanced by the Applicant

The applicant submitted that there is no substantial lessening of competition in the market, as there is no overlap of services provided by rotary wing aircraft and fixed wing aircraft.

Fixed wing aircraft market

In the fixed wing aircraft market, the applicant submitted that there are currently 17 participants in the market and the proposed acquisition will not lead to a change in the number of participants in the market. As a result, the proposed acquisition will not have the effect of substantially lessening competition in the fixed wing aircraft aviation services market.

Rotary wing aircraft market

In this market, the applicant submitted that there are currently six participants in the rotary wing aircraft aviation services market and the proposed acquisition will not lead to a change in the number of participants. As a result, the proposed acquisition will not have the effect of substantially lessening competition in the rotary wing aircraft aviation services market.

Views from Industry Participants and others

Views were also sought from industry participants as well as other interested parties and these are summarized as follows:

Rotary wing aircraft operators

Pacific Helicopters submitted that they have no objections to the proposed acquisition as both (Regional Air & Hevilift) are operating in two separate markets.

Heli Niugini Limited has expressed the following views:

- CLG holds an approved PNG CAA helicopter Air services License and its acquisition by Hevilift would reduce the number of licenses from five to four helicopter operators, thus, a reduction of 20% in the number of Papua New Guinea helicopter operators in the domestic market giving Hevilift a larger share.

The Commission notes that this argument is made on the basis that there will be a reduction in the number of licensees in the market. However, the Commission notes that CLG will continue to be a participant in the market notwithstanding that it will a joint participant in the JV Company. In effect, there will be no reduction in the number of licence holders of fixed wing and rotary aircraft as a result of this merger.

- RAL and Hevilift are the only companies in Papua New Guinea that operate Beechcraft King Air aircraft and the acquisition would reduce competition by 100% on this type of aircraft/market where it operates in such as executive charters for mines and Government of VIPs

The Commission does not accept this claim by Heli Niugini as its consultations with the CAA has revealed that CLG has ceased its fixed wing aircraft aviation services and does not hold a CAA fixed wing air services licence. At the time of ceasing its fixed wing operation, CLG disposed of its Beechcraft King Air aircraft and other fixed wing aircraft.

- The acquisition would also reduce the number of companies that operate DH6 – Twin Otter aircraft from 3 to 2, this will reduce the market choice of customers by 50% as Hevilift, and Airlines PNG will operate these aircraft.

The Commission notes that Heli's argument here again seems to confuse the issue of the future of CLG. In reality, the business will continue to operate and there will be no loss of competitors using this type of aircraft.

- Heli Niugini believes that Hevilift would be more viable/attractive operator overall as they can offer a full range and type of aircraft both fixed and rotary wing. The acquisition is being financed by one of their shareholders Collins & Leahy Ltd, which is wholly owned company of John Swire & Sons Ltd, which owns 71.37% of Steamships Trading Company. This is a direct disadvantage to other independent operators as their ability to stay competitive is impeded by high costs of capital while Hevilift will have access to vast amount of shareholders funds both on and offshore.

The Commission notes that the decision of the parties to enter into the joint venture is a commercial decision made on commercial considerations for the purposes of achieving economies of scale in the operation of the business. The Commission notes that the market will continue to be competitive and the opportunity exists for other participants in the market to improve their overall competitiveness in response to the proposed joint venture. It is not the purposes of the Act to discourage or prevent commercial decisions that are taken to enhance competition. These arguments by Heli are therefore irrelevant in terms of any consideration of the competition effect analysts here.

- Heli argues that other areas that would impede Heli Niugini to compete fairly would be Hevilift's location through now having hangars and points of representation in Port Moresby, Mt Hagen, Tabubil and Cairns (through Regional Pacific Aviation Pty Ltd, an affiliate of Regional Air).

The Commission is of the view that it is not unfair competition for Hevilift to have four locations to operate from while Heli Niugini or other operators have less. The Commission notes that the wider presence of the JV Company will translate into efficiency gains that should be passed onto the consumers in terms of accessibility of services at affordable costs. Other operators may have to offer similar levels of service in response to competition in the market, to the benefit of consumers.

Fixed wing aircraft operators

There was only one operator which responded (***Tropic Air Limited***) expressing the view that it is not in direct competition with the likes of Regional Air or Hevilift and therefore, will not be affected should the merger be approved.

Statutory Factors taken into account in Assessing Competition

In addition to the assessment of the arguments by the applicant and others, in assessing the post acquisition effect on competition in the market, Section

69(5) of the *ICCC Act 2002* sets out a number of non-exclusive factors to be taken into account.

(a) Import competition

The applicant submitted that there is no actual import competition in the relevant markets (due to current low profitability prospects); the applicant however submitted that there is considerable potential for overseas competitors to enter the market and compete in the domestic market.

The Commission notes the announcement earlier this week of the Australian operator, HeavyLift increasing its fixed wing freight services into PNG from Australia and extending this service through to Lae where it is delivering mining equipment and shipping out tuna for the Japanese market.

(b) Barriers to entry

General costs

The applicant claimed that the cost of chartering aviation services in PNG is regarded as very low by international standards reflecting the competitiveness of the market and relatively low regulatory costs.

The Commission has little information upon which to test this claim. However, the Commission agrees notes the new entry by a freight service provider. This has effectively taken away a service that was previously provided by a domestic operator in transporting tuna across from Lae to POM prior to its shipment to Australia. Thus, although the rates may be low, there are still attractions for market entry in key segments of the market.

Structural barriers

The applicant also submits that in light of the depressed state of the economy and the limited scope for growth in the markets for fixed wing aircraft charters and rotary wing aircraft charters, the barriers facing new entrants in the short term are reasonably high. However, as the economy of Papua New Guinea develops and there is increasing unmet demand, barriers to entry are in the long term likely to reduce.

The Commission notes that currently, regulatory barriers such as CAA certificates, licences and approvals are not onerous. It is acknowledged that access to airport terminals is restricted because the Civil Aviation Authority has not allocated additional space for new entrants. However, in terms of freight transport, access to terminals is not as a significant entry barrier as for regular passenger transport. Similarly, for charter passenger work, access to terminals is not a significant barrier to new entry.

Strategic barriers

In terms of strategic barriers, the applicant submits that a new entrant would be likely to face significant competition from existing operators.

The Commission is of the view that by international standards, the regulatory cost of doing business in Papua New Guinea is relatively low.

With the prospects of commissioning new resource projects, it is likely that in the medium to long-term, there is scope of growth in the market for both fixed and rotary wing aircrafts. However, the potential growth in the market could be inhibited by lack of available aviation infrastructure such as operational space at Jackson's International Airport and the other major ports. Although the barriers to entry to the market are relatively low, such impediment can deter new entrants into the market thereby limiting competition in the short-term. Overall, barriers to entry are reasonably low.

(c) The number of buyers and sellers in the market

Fixed wing aircraft charter market

From the information submitted by the applicant, there are 17 providers of fixed wing aircraft charter services over 50 buyers in the market for fixed wing aircraft charter services. These buyers include large companies such as Oil Search Ltd, OTML, Lihir Gold, Highlands Pacific, Tolokuma, Porgera and the Australian Defence Force (Bougainville) and smaller customer in the mining and petroleum sectors. Large buyers generally seek long-term contracts for charter services but also, from time to time, buy services on an ad hoc basis.

The Commission considers that the number of sellers in the market would not change if the proposed acquisition proceeded.

Rotary wing aircraft charter market

Similarly, there are 6 providers of rotary wing aircraft charter services and over 50 buyers in the market for rotary wing aircraft charter services. These buyers are companies predominantly operate in the mining and petroleum industries but certain government agencies are also buyers (albeit spot purchasers) of rotary wing services, in particular Telikom and PNG Power, for maintenance of infrastructure.

The Commission would agree that the number of sellers in the market would not change if the proposed acquisition proceeds.

(d) Countervailing power

The applicant submits that customers in each of the fixed wing aircraft and rotary wing aircraft charter markets constrain the ability of sellers in each of those respective markets from increasing prices.

This is because many customers are large players in the mining, petroleum or forestry sectors, who are readily able to switch easily between sellers.

In respect of long-term contracts, buyers exert significant countervailing power on prices offered by potential bidders given the benefits of long-term exclusivity arising from such contracts.

The Commission would agree that the ability to exercise countervailing power is present. These larger companies particularly in the mining sector have access to suppliers of services from a number of countries. Although there may be some licensing barriers that would have to be addressed by a new entrant, with the prospect of a large mining related contract, the ability to deal with these barriers to entry would be greatly enhanced (note again the recent move by HeavyLift to extend its flights to Lae rather than to tranship in Moresby). The Commission considers that there are countervailing powers held by existing customers, especially those in the mining and resource sectors. The same level of countervailing power might not be available to all consumers in this market, but the availability of suppliers seeking to land these larger contracts maintains a capacity and capability in the country that other smaller consumers can access at reasonable prices and on reasonable terms.

(e) Likelihood that the acquisition would result in the acquirer being able to significantly and sustainably increase prices and profit margins

The applicant submits that if the proposed acquisition proceeds, Hevilift will not be in a position to increase prices or profit margins significantly and sustainably because the competitive state of each of the markets for fixed wing aircraft and rotary wing aircraft charters services will not change due to the acquisition.

The Commission is of the view that it is unlikely that the joint venture could significantly and sustainably increase prices of its services and therefore, profit margins in the PNG market. Effectively the competitive nature of the market and the countervailing power of large buyers in the market would act to prevent this form occurring. That is, if the joint venture increases the price of its services, it is certain to lose customers to other operators in the fixed wing and rotary wing aviation market.

(f) Availability of substitutes

Due to the geography and the lack of a national road network system in Papua New Guinea, road and sea transportation are not suitable substitutes for air service charters for areas that are accessible only by aircrafts.

The Commission is of the view that availability of substitutes is almost nil.

(g) Dynamic characteristics of the market

It is likely that there will be considerable innovation and growth in the markets in light of anticipated developments in Papua New Guinea's mining, resources, and petroleum and forestry sectors. Furthermore, it is also in the interest of aviation operators to innovate and meet their customers demand, especially corporate clients in the resource sector.

The rotary wing aircraft charter market in Papua New Guinea has traditionally been dominated by low cost Russian manufactured aircraft, which have not been recognised for registration by many countries. This aircrafts will soon be

registered locally giving Papua New Guinea based companies the ability to expand by operating these low cost machines in other countries relying on the PNG registration.

Although CAA regulates the aviation industry, there are low regulatory costs and structural barriers that are likely to lead to innovation and growth in the market within Papua New Guinea. In addition, the registration of Russian manufactured aircrafts by the CAA that is currently being used by CLG on a 3 monthly basis will further increase Papua New Guinea's ability through Hevilift to increase the export of aviation services abroad.

(h) Removal of a sustainable, vigorous and effective competitor

The applicant submitted that the number of fixed wing and rotary wing aircrafts will remain the same in the market should this acquisition be approved.

It also submitted that the proposed acquisition is likely to result in a sustainable, vigorous and effective competitor in each of the relevant markets in Queensland, New Caledonia, Solomon Islands, Indonesia, South East Asia and Papua New Guinea.

The Commission accepts that the proposed acquisition would not result in the removal of a sustainable, vigorous and effective competitor since both CLG and RAL are not in direct competition with each other although there is minimal demand side substitutability for the services that they provide.

(i) Vertical integration

The JV Company is not vertically integrated in the manufacture or supply of fixed wing aircraft or rotary wing aircraft to providers of air charter services. Nor is it participating in any upstream activity such as supply of maintenance and engineering services to air charter operators. These services are almost exclusively performed on an in-house basis in order to maintain safety standards and records.

The applicant submitted that for these reasons, it will not be able to deter new entry or hinder expansion of incumbents in relation to the fixed wing aircraft and rotary wing aircraft charter markets.

The Commission accepts the applicant's submission in that the JV Company is not vertically integrated because of the absence of any upstream activity such as aircraft maintenance, training of staff and provision of aircraft parts for other air services business in PNG.

Summary and Conclusion

The Commission's view of the market

The Commission has reviewed the arguments advanced by the JV Company. Since it is more expensive to charter a rotary wing aircraft to carry the same

number of passengers or volume of freight, this means that the market for rotary wing aircrafts is confined to areas that the fixed wing aircraft market cannot readily service. The Commission notes that rotary wing and smaller fixed wing aircrafts could compete in the transportation of small numbers of passengers or volume of freight by either charter or RPT depending on the availability of aviation infrastructure such as an airstrip and access to fuel. Thus, to a lesser extent, there is an overlap in the market serviced by rotary wing and fixed wing aircraft.

However, the claim that there is no distinction between the aviation service of carriage of passengers and the transportation of freight is somewhat misleading. The Commission is of the view that 90% of freight is transported on passenger services because fixed wing aircraft are bigger and can hold more cargo and therefore provision of freight is more feasible. In addition, these passenger carrying aircraft are normally travelling to the main centres to and from which freight services are normally required. However, there is still 10% of freight that is carried by freight only aircraft and this suggests that there is a difference between the market for passengers and freight, at least in a marginal sense. It is noted that in the last week Heavylift announced that it was extending its freight only jet services from Australia to Port Moresby to include Lae to meet the demand for large freight transport services. This suggests that there is an element of the demand for freight transport services, which encompasses demand for fixed wing aircraft and does not include a passenger/freight joint operation. This larger freight-handling task may be an area where rotary wing aircraft could play a role, but the economics of the cost of operating a rotary wing aircraft would suggest that this form of transport would only compete in those circumstances where a fix wing aircraft could not physically land.

To grant a clearance under Section 81(3) of the *ICCC Act 2002*, the Commission must be satisfied, based on the facts, that the acquisition will not have, and will not be likely to have, the effect of substantially lessening competition in a market. The only test is the competition effect of the acquisition in the market.

This requires analysis of the competition effect in the relevant market. Section 45(2) of the *ICCC Act 2002* defines the relevant market as:

“a reference to a market in the whole of PNG for goods and services as well as other goods and services that as a matter of fact and commercial common sense, are substitutable for them, including imports”.

The applicant submitted that there are no market for general aviation services that entails aviation services provided by both fixed wing and rotary wing aircrafts. In this respect, the applicant defined the relevant markets as the fixed wing aircraft aviation service market and rotary wing aircraft aviation service market.

The Commission accepts this definition of the relevant market in that the relevant market is the markets for services provided by fixed wing aircrafts and rotary wing aircrafts.

While there are overlaps in the demand between services provided by helicopters and small fixed wing aircraft for certain number of passengers or volume of freight, there is a basic distinction between the services provided by fixed wing aircraft and rotary wing aircraft respectively.

In considering the competition effect in the relevant markets, the Commission is of the view that there is no substantial lessening of competition in the fixed wing aircraft aviation market and the rotary wing aircraft aviation market.

Furthermore, the Commission is of the view that the acquisition will not result in any substantial lessening of competition in the relevant markets as a result of the acquisition taking into account the following factors:

- There is little import competition in the relevant markets, however there is considerable potential for overseas competitors to enter the market;
- Barriers to entry to the market are relatively low due to low regulatory costs, although new players have yet to enter the market;
- There is countervailing power held by customers, especially the bigger buyers of aviation services;
- JV Company should not be able to significantly and sustainably increase prices and profit margins;
- There are few viable substitutes;
- The market appears to be highly competitive at the moment and has potential for innovation to meet customers' demands;
- The acquisition would not result in the removal of a sustainable, vigorous and effective competitor;
- The acquisition will not create a vertically integrated operator in the market that could otherwise adversely affect new or existing competitors' activities.

Decision

In view of the above factors and considerations, the Commission is satisfied that the acquisition by the joint venture, Hevilift Limited (JV Company) of the rotary wing aircraft business belonging to Collins & Leahy Group and the fixed wing aircraft of Regional Air Limited, will not have, and will not be likely to have, the effect of substantially lessening competition in a market and hereby grants clearance for the proposed acquisition to proceed pursuant to Section 81(3) of the Independent Consumer and Competition Act 2002.

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Thomas Abe
Commissioner

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Paul Baxter
Associate
Commissioner

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Chris Gideon
Associate
Commissioner