

## The reference and background

1. On 10 January 2002 the DTI sent the CC the following reference:

Whereas it appears to the Secretary of State that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation, as defined in section 64(8) of the Fair Trading Act 1973 (“the Act”), in that:

(a) enterprises carried on by or under the control of Neopost SA will cease to be distinct from enterprises carried on by or under the control of Ascom Holding AG (one at least of which is carried on in the United Kingdom); and

(b) as a result, the condition specified in section 64(3) of the Act will prevail, or will do so to a greater extent, with respect to the supply of either franking machines or desktop mail inserting machines in the United Kingdom.

Now, therefore, the Secretary of State, in exercise of her powers under sections 64, 69(2) and 75 of the Act, hereby refers to the Competition Commission (“the Commission”), for investigation and report within a period ending on 24 April 2002, the following questions:

(i) whether arrangements are in progress, or in contemplation as described in paragraph (a) above, which, if carried into effect, will result in the creation of a merger situation qualifying for investigation;

(ii) if events so require, whether the actual results of those arrangements are the creation of such a situation; and

(iii) if so, in either case, whether the creation of that situation may be expected to operate or (if events so require) operates against the public interest.

In relation to the questions in paragraphs (i) and (ii) above the Commission shall exclude from consideration one of paragraphs (a) and (b) of section 64(1) of the Act if they find the other satisfied.

10 January 2002

(signed) PAT SELLERS  
*An official of the Department of Trade and Industry*

2. The composition of the Group of members responsible for the present investigation and report is indicated in the list of members in the preface.

3. Notices inviting interested parties to submit evidence to the CC were placed in the *Financial Times*, *The Daily Telegraph*, *Office Equipment News* and *Business Equipment Digest*.

4. In addition, we sought views from a number of interested parties, including other mailing equipment suppliers, purchasers of mailing equipment, associations and unions. Hearings were held with eight of these parties.

5. We received written evidence from Neopost and AMS and held two hearings with each company.

6. Members of the Group, accompanied by staff, visited the offices of Neopost and AMS in Romford and Croydon respectively.

7. At the end of February 2002, we sent Issues Letters to Neopost and AMS, and on 1 March 2002 published a Statement of Issues for public consultation.

8. Some of the evidence obtained in the course of our inquiry was of a confidential nature; our report contains only such information as we consider necessary for an understanding of our conclusions.

9. We should like to thank all those who assisted in our inquiry, particularly Neopost and AMS.