

CMA requires CHC to unwind helicopter services deal

Press release

CHC must unwind its completed acquisition of Babcock's oil and gas offshore helicopter services to address competition concerns.



This decision by the Competition and Markets Authority (CMA) follows an in-depth Phase 2 investigation into the deal.

CHC provides offshore transport in the oil and gas sector, including taking workers to and from rigs in the UK North Sea. Prior to the merger, Babcock also provided these services. The CMA found that the parties were 2 of just 4 suppliers of oil and gas offshore helicopter services in the UK and provided an important competitive constraint on each other. The loss of this constraint would significantly reduce rivalry between an already limited number of suppliers. As a result, the CMA has found that the merger would lead to significant competition concerns in the UK's oil and gas offshore helicopter services market.

In assessing competition in the supply of oil and gas offshore helicopter services in the UK, the CMA engaged with customers, competitors and other industry players. The CMA reviewed data on bidding for previous contracts, which indicated that the parties frequently bid against each other, and reviewed business strategy documents that showed that the parties considered each other to be significant competitors.

To address its concerns, and to restore competition to pre-merger levels, the CMA requires CHC to sell the UK oil and gas offshore helicopter services business it bought from Babcock. The sale of this business will ensure that 4 effective competitors remain in the market.

Kip Meek, Chair of the CMA inquiry group, said:

Offshore oil and gas are important industries for the UK, and

helicopter companies play a vital role in transporting workers safely to and from oil rigs. While the industry faces commercial challenges, UK customers continue to spend hundreds of millions of pounds on offshore helicopter services each year. Competition is vital to avoid higher prices or poorer quality, problems that ultimately increase costs to UK consumers.

The sale of Babcock's UK oil and gas offshore helicopter services business will support competition in future tenders for these important services.

For more information, visit [the CHC / Babcock merger inquiry page](#).

Notes to editors:

1. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.
2. CHC Group LLC (CHC) purchased the entire issued share capital of Offshore Helicopter Services UK Limited (Babcock Offshore UK), Offshore Services Australasia Pty Ltd (Babcock Offshore Australia) and Offshore Helicopter Services Denmark A/S (Babcock Offshore Denmark).
3. Under the Enterprise Act 2002 the CMA has a duty to make a reference to Phase 2 if the CMA believes that it is or may be the case that a relevant merger situation has been created, or arrangements are in progress or contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition with any markets or markets in the United Kingdom for goods or services.

Published 1 June 2022

Last updated 1 June 2022 [+ show all updates](#)

1. 1 June 2022

First published.