

CMA unwinds Veolia / Suez merger in the UK

The CMA has today required Veolia to sell 3 businesses after an in-depth merger investigation concluded the merger gives rise to competition concerns in a number of markets.

The Competition and Markets Authority (CMA) has concluded that Veolia must sell substantial parts of the merged business:

- Suez's UK waste management services businesses;
- Suez's UK industrial water operation and maintenance services business; and
- Veolia's European mobile water services business.

These businesses make up almost all of the overlap between Veolia's and Suez's competing operations in the UK.

In response to the provisional findings of the Phase 2 inquiry, Veolia said that it would sell the UK Suez waste business. The CMA will determine the conditions of the sale, as well as the sales of the 2 water services businesses.

The CMA will need to approve the purchasers of each business before the completion of each sale.

Veolia and Suez are both global players in waste and water management. In 2020, the companies generated approximately £2bn and £1bn in the UK respectively – roughly 10% and 7% of their annual global revenues.

Veolia and Suez are active across the full waste management supply chain. They collect waste from households and businesses, sort it for recycling and composting and dispose of the remaining waste – some of which is incinerated to produce electricity. Many local authorities in the UK rely heavily on either Veolia or Suez to meet their waste management needs. The companies also supply water and wastewater management services to industrial customers.

Throughout the investigation, the CMA heard from a number of councils and customers who were concerned about the potential impact of the merger on the cost and quality of the services they receive. Ultimately, taxpayers and businesses would have been left to cover any increase in cost.

Stuart McIntosh, Chair of the CMA inquiry group, said:

Local authority budgets are already under strain, and this deal is likely to lead to them paying more and receiving a lower-quality service. The negative impact would have ultimately fallen on taxpayers at a time when they are feeling the pressure of the cost of living crisis.

Given our concerns about the merger, we have concluded that Veolia must sell most of the operations it took over in the UK when it acquired Suez. We will now work with Veolia to ensure that appropriate buyers are found so that businesses, councils – and ultimately taxpayers – will not lose out.

The CMA's final report, published today, confirms its provisional findings issued in May. It rules that the merger would lead to competition concerns in 5 waste markets and 2 water treatment markets. In each of these markets, the merging businesses currently compete closely and would face limited competition after the merger. The CMA found that this would be likely to result in higher cost or lower quality services for councils, with knock-on effects for taxpayers, as well as businesses across the UK.

The CMA launched an investigation into the deal between Veolia and Suez in October 2021. The transaction was referred for an in-depth Phase 2 review, which is led by an independent inquiry group, in December 2021.

This deal has been reviewed by a number of competition authorities across the world. Major divestments were also required in the EU and in Australia.

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

1. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.
2. The CMA found that the merger would lead to a Substantial Lessening of Competition (SLC) in the following areas:
 - Collection of non-hazardous waste for municipal customers;
 - Operation and maintenance of material recovery facilities (i.e. sorting of waste after collection) for municipal customers;
 - Operation and maintenance of Energy Recovery Facilities (i.e. incineration) for municipal customers;
 - Supply of incineration services to customers in 2 local areas;

- Collection of non-hazardous waste for commercial and industrial customers;
- Operation and maintenance of water and wastewater treatment facilities for industrial customers; and
- Provision of mobile water services to industrial customers.