

# HS2 bidder merger raises competition concerns

Press release

The CMA has found that a merger between 2 businesses currently bidding for the installation of overhead power cables for HS2 could raise competition concerns.



Image credit: iStock

Bouygues and Equans (part of Engie Group) are both large and well-established players within the railway supply chain in Europe. Bouygues agreed to buy Equans in a £6 billion deal announced in November 2021.

In the UK, Bouygues and Equans are close competitors in the supply of catenary systems (the overhead power cables used to supply electricity to trains) for high-speed railways. Both businesses are currently competing to supply High Speed 2 (HS2) – the only contract in recent years for the supply of catenary systems to high-speed railways in the UK.

The Competition and Markets Authority (CMA) found that there would be a sufficient number of credible competitors for any future contracts for the installation and maintenance of high-speed catenary systems in the UK. But as the current HS2 tender is at an advanced stage, and the merging businesses are 2 of a smaller number of bidders in the final stages competing for the contract, the CMA is concerned that these 2 bids coming under the control of the merged business could make the remainder of the tender process less competitive.

The CMA is concerned that this reduction in competition could result in a higher-cost final contract, which would have an adverse knock-on effect on taxpayers.

Colin Raftery, Senior Director at the CMA, said:

Competitive tenders help make sure that taxpayers get the best possible deal when large public works, like HS2, are undertaken.

The HS2 tender for overhead catenary systems is at an advanced stage, but the remaining bidders are continuing to compete on the final aspects of the contract. It's important to ensure that this process isn't undermined, as this could result in unnecessary additional costs, ultimately leaving taxpayers worse off.

The firms now have 5 working days to submit proposals to address the CMA's competition concerns. The CMA then has a further 5 working days to consider whether to accept any offer instead of referring the case for an in-depth Phase 2 investigation.

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

1. For media enquiries, contact the CMA press office on 020 3738 6460 or [press@cma.gov.uk](mailto:press@cma.gov.uk).
2. 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 within any market or markets in the United Kingdom for goods or services.
3. The CMA found that the merger gives rise to a realistic prospect of a substantial lessening of competition in the supply of high-speed overhead catenary systems in the UK.
4. The transaction is also subject to review by the European Commission, which is also scheduled to issue a decision on its Phase 1 investigation by 19 July.
5. Visit the [High Speed 2 website](#) for more information on the tender for the supply of catenary systems for HS2.

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