

# Competition and Markets Authority raises concerns as two HS2 bidders set to merge

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The **Competition and Markets Authority (CMA)** has found that a merger between two businesses currently bidding for the installation of overhead power cables for HS2 could raise competition concerns.

The **CMA** has given the two businesses five working days to submit proposals to address the concern it has as to how this would affect competition.

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 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 five 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](#).