

*Case No IV/M.1007 -  
SHELL / MONTELL*

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**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 23/10/1997

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23-10-1997

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

Dear Sirs,

**Subject: Case No IV/M.1007 - SHELL/MONTELL**

Notification of 23.9.1997 pursuant to Article 4 of Council Regulation N° 4064/89

1. On 23rd September 1997, the Commission received notification of a transaction whereby Shell Montell Holding B.V. ("SMH") acquires sole control of Montell N.V. ("Montell"), which is currently a joint venture owned 50/50 by SMH and Montedison (Nederland) N.V.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market.

**I. THE PARTIES**

SMH is a holding company within the Royal Dutch/Shell group, which is engaged world-wide in the oil, gas, chemicals and coal sectors. Montell is a polyolefins company active in the production of polypropylene ("PP") and polyethylene ("PE") and the licensing of technology in these sectors.

## **II. THE OPERATION**

The transaction consists of the acquisition of sole control of the share capital of Montell by SMH. Shell will thereby acquire sole control over Montell's PP resins, PP technology licensing and PE technology licensing businesses (Montell's European PE resins business is being transferred from Montell to another company). Thus Montell will pass from joint control by SMH and Montedison to sole control by SMH.

## **III. CONCENTRATION**

The acquisition by one of the parents of sole control over a concentrative joint venture is a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **IV. COMMUNITY DIMENSION**

The aggregate worldwide turnover of the undertakings concerned exceeds 5,000 million ECU. With regard to aggregate Community-wide turnover each of SMH and Montell exceeds the 250 million ECU threshold laid down in the Regulation. Finally, the undertakings do not both achieve two-thirds of their turnover within one and the same Member State. Therefore, the concentration has a Community dimension. It does not constitute a cooperation case pursuant to Article 57 of the EEA Agreement.

## **V. COMPATIBILITY WITH THE COMMON MARKET**

### a) Relevant product and geographic markets

Montell will be active in the production of PP resins and in the licensing of PP and PE technology. In previous decisions<sup>1</sup> the Commission has defined PP resins as a distinct market which is Western European in scope, with the licensing of PP technology being worldwide in scope. Montell will also be active in PE technology licensing which the Commission in previous decisions<sup>2</sup> has defined as a distinct worldwide market.

### b) Assessment

The move from joint control in a concentrative joint undertaking to sole control does not lead to any material change in market structure in the present case. There is no horizontal overlap between Shell and Montell since Shell has no PP activities outside Montell, which has about [ ]<sup>3</sup> of the European PP resins market. Montell faces strong competition in the PP technology licensing sector from Union Carbide, BASF, Mitsui and other companies, and in the PE technology licensing sector from ICI, BASF,

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<sup>1</sup> See Shell /Montecatini (IV/M.269)

<sup>2</sup> See Union Carbide/Enichem (IVM.550)

<sup>3</sup> 15% to 25%

Enichem and others. The Commission has carried out a written survey of competitors which reveals that the market position of Montell has not been strengthened to any appreciable extent since its establishment and that Montell's market position will not be strengthened by the acquisition by Shell of sole control of Montell.

## **VI. CONCLUSION**

The Commission has decided for the above reasons not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA agreement. This decision is adopted in application of Article 6(1)b of Council Regulation No 4064/89 and Article 57 of the EEA agreement.

For the Commission,