

***Case No IV/M.1509 -  
ISPAT / UNIMETAL***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 22/06/1999

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## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

**Subject: Case No IV/M.1509 – ISPAT/UNIMETAL**

Notification of 20/05/1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 20/05/1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which Ispat International NV (“Ispat”) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Unimétal by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement. As regards the ECSC aspects of the transaction, the Commission informed the parties, on 14/04/1999, that the proposed operation would be exempt from the requirement of prior notification under Article 66 of the ECSC Treaty.

### **I. THE PARTIES AND THE OPERATION**

3. Ispat is indirectly controlled by Mr L.N. Mittal and forms part of the LNM group, which was in 1998 the world’s fourth largest steel producer. Ispat and its subsidiaries produce and distribute a broad range of semi-finished and finished flat and long steel products.
4. Unimétal is a steel producer currently owned by the Aster company, itself wholly-owned by the Usinor group. Through its wholly-owned subsidiaries Société Métallurgique de Revigny (SMR) and Tréfileurope, Unimétal produces and sells bright bars and drawn wire. These products fall within the scope of the Merger Regulation.

5. The transaction consists in the acquisition by Ispat of sole control of Unimétal. This transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Regulation.

## **II. COMMUNITY DIMENSION**

6. The notified concentration has Community dimension pursuant to Article 1(3) of the Council Regulation. The combined aggregate world-wide turnover of the undertakings concerned is more than EUR 2,500 million (LNM group, EUR 3,114 billion; and Unimétal EUR 641 million ). The combined aggregate turnover of the undertakings concerned exceeds EUR 100 million in at least three Member States (i.e., France, Germany, and Italy). Moreover, in each of these Member States the aggregate turnover of each of the undertakings concerned is more than EUR 25 million. The aggregate Community-wide turnover of each of the undertakings concerned is more than EUR 100 million. Finally, neither the LNM group nor Unimétal achieved more than two-thirds of their aggregate 1998 Community-wide turnover in any one Member State. Consequently, the concentration has a Community dimension within the meaning of Article 1(3) of Council Regulation n° 4064/89.

## **III. ASSESSMENT**

7. There will be no market affected by the operation. Indeed, the Ispat group, on the one hand, and Unimétal and its subsidiaries, on the other, are not active in the same relevant markets. The two subsidiaries of Unimétal, SMR and Tréfileurope, that produce EEC steel products, manufacture and distribute, inter alia, non-alloy bright bars and drawn wire products. SMR has a market share of around [less than 5%] in the EEA for non-alloy bright bars, and, as regards the drawn wire sector, Tréfileurope has market shares in the EEA varying from [less than 10%] for the segment of low carbon drawn wire up to [less than 20%] for high carbon drawn wire. For ropes, prestressed concrete quality wire and nails, Tréfileurope has market shares of respectively [less than 15%]. Strong competitors are active in the EEA on all of these markets.
8. As Ispat is not active in the production of bright bars and drawn wire products, the notified operation will have no impact on competition in the EEA.

## **IV. ANCILLARY RESTRAINTS**

9. As set out pursuant to Clause 14 of the Share Purchase Agreement, Usinor and its subsidiary Aster undertake that as from completion, they shall not :
  - (i) acquire, develop, operate or control any specific entity or group of entities having as a whole more than [deleted business secret] of their turnover attributable to an activity directly competing with the current business of Unimétal and its subsidiaries ;
  - (ii) solicit, except under certain conditions, the employment or services of any employee of Unimétal or its subsidiaries.
10. The non-competition provision shall apply in the European Union for a period of five years following completion in respect of the restriction at (I) above and for a period of three years following completion in respect of the restriction (ii) above.

11. As these clauses guarantee the transfer to the new entity of the full value of the assets transferred, it can thus be considered as ancillary to the implementation of the concentration.

## **VII. CONCLUSION**

12. For the above detailed reasons, the Commission decided not to oppose the notified operation and to declare it compatible with the common market. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,