

***Case No IV/M.162 -
JAMES RIVER /
RAYNE***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 13.02.1992

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MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

VERSION FOR THE PUBLIC

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To the notifying parties

Dear Sirs,

Subject: Case No. IV/M162 - James River/Rayne
Notification of 10.1.92 pursuant to Article 4 of Council
Regulation No. 4064/89

1. The notified operation concerns a joint venture between James River Corporation of Virginia (James River) and Rayne Holdings (Rayne). The joint venture company, JA/MONT Holdings NV (Holdings) is an already established joint venture controlled by James River and Montedison Spa (Montedison) which is active in the tissue paper market. The parties have agreed that Montedison will sell its share in Holdings to Rayne, which transaction is the notified operation.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation No. 4064/89 and does not raise serious doubts as to its compatibility with the common market.

CONCENTRATION

3. Under the agreements made by the parties, Rayne will replace Montedison as one of the two parent companies of Holdings, by acquiring Montedison's 50% share in Holdings. This operation constitutes a concentration within the meaning of Article 3 of the Regulation since Rayne acquires joint control of Holdings. A new joint venture structure is created.
4. There is a shareholders' agreement between James River and Rayne which provides for joint control of Holdings. In particular, the Holdings' Board is composed of an equal number of directors appointed by each shareholder and is responsible for the

formulation of the overall strategy of its subsidiary companies and has to approve the consolidated annual capital budgets and the annual business plans. The chairman of the board does not have a casting vote. The shareholders' agreement replaces a previous agreement between James River and Montedison. Holdings is a company established in the Netherlands, which has a controlling interest of 85.9% in JA/MONT NV, also established in the Netherlands; the remaining shares in the latter company are held by Nokia, a Finnish group which previously transferred its tissue paper business to JA/MONT NV. This company regroups a number of operational subsidiaries previously owned by James River, Montedison and Nokia. Neither James River nor Rayne is active in the tissue paper market in the Community other than through Holdings. Nothing indicates that this situation might change in the foreseeable future. James River has small subsidiaries in the Community which produce printing and writing paper and a 50% stake in a joint venture which manufactures table top products (paper plates and cups) and Rayne owns a company producing packaging material. It is, however, improbable that the parties' limited presence on different neighbouring markets will result in concerted market strategies in the paper sector. For these reasons, the creation of the joint venture will not give rise to co-ordination of the competitive behaviour of the parties amongst themselves or between them and the joint venture. The joint venture operation is therefore a concentration.

COMMUNITY DIMENSION

5. The combined aggregate worldwide turnover of James River, Rayne and Holdings exceeded 5 billion ECU in 1990. Rayne and Holdings each achieved an aggregate Community-wide turnover of more than 250m ECU, of which not more than two-thirds was achieved in one and the same Member State. Thus the concentration has a Community dimension.

COMPATIBILITY WITH THE COMMON MARKET

6. The joint venture company, Holdings, is active in the market for tissue paper and related hygiene products, which the notifying parties define as the relevant product market. James River is a diversified manufacturer of paper products, based in the USA. It has limited activities in the Community apart from its 50% share in Holdings. Rayne is a financial holding company, the main shareholder of which is Cragnotti & Partners Capital Investment SA (Luxembourg) whose other financial participations are in industries other than tissue paper.
7. In the present case it is not necessary to define the geographic market since even on a narrow definition, the operation does not raise serious doubts as to its compatibility with the common market.
8. A sectoral breakdown of the activities of the three undertakings concerned indicates that the proposed transaction involves no significant horizontal or vertical relationships. From a conglomerate point of view, the only product markets in which any of the three undertakings involved has a market share of more than 25% are the tissue paper markets in France and Ireland. However, the proposed change of control in Holdings will not result in any increase in market shares and neither

will it result in any strengthening of the financial position of the joint venture company which might affect competition. It follows that the proposed concentration will not create or strengthen a dominant position as a result of which effective competition will be significantly impeded in the common market or in a substantial part of it.

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

For the Commission,