

***Case No COMP/M.1768 -
SCHOYEN / GOLDMAN
SACHS / SWEBUS***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 10/12/1999

*Also available in the CELEX database
Document No 399M1768*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.12.1999

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

NOT TO BE PUBLISHED

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No COMP/M.1768 – Schoyen/Goldman Sachs/Swebus

Notification of 11 November 1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 11 November 1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89¹ (“the ECMR”) as last amended by Regulation (EC) No 1310/97² according to which Schoyen Gruppen A/S (“Schoyen”) and the Goldman Sachs Group Inc (“Goldman Sachs”) acquire, within the meaning of Article 3(1)(b) of the Regulation, joint control of Swebus AB (“Swebus”) and its interests in its subsidiaries, which together make up the Swebus Group.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Council Regulation 4064/89 and does not raise serious doubts as to its compatibility with the Common Market and the functioning of the EEA Agreement

I. THE PARTIES

3. Schoyen is a company incorporated in Norway, which operates in three business areas: bus operations, car rental and finance, insurance and consulting in the energy sector.

¹ OJ L 395, 30.12.1989, p.1; corrigendum, OJ L 257, 21.9.1990, p.13.

² OJ L 180, 9.7.1997, p.1; corrigendum OJ L 40, 13.2.1998, p.17.

4. Goldman Sachs is a company incorporated in the State of Delaware, involved in the provision of investment banking and securities services.
5. Swebus is the parent company of the Swebus Group, which is engaged in the provision of bus and coach transport within Sweden and Finland.

II. THE OPERATION AND THE CONCENTRATION

6. The notification concerns the acquisition of all the shares of Swebus and its interests in its subsidiaries, which together make up the Swebus Group, by AB Grundstenen 85302, whose name will be changed to Concordia Bus Sverige (“Concordia Sverige”), from Stagecoach International B.V., a wholly owned subsidiary of Stagecoach Holdings plc.
7. All voting shares in Concordia Sverige are ultimately held by Concordia Bus B.V. (“Concordia B.V.”). On completion, [$<50\%$]* of the voting shares in Concordia B.V. will be held by Schoyen, whereas [$>50\%$]* will be held by Bus Holdings Sarl, controlled by Goldman Sachs. The remaining [$<50\%$]* will be held by Swebus' management. According to an option agreement, Schoyen may increase its holding to [$<50\%$]* in 2002. Goldman Sachs and Schoyen have concluded a Shareholder's Agreement, whereby the latter's approval will be necessary [...]*. Consequently, the notified operation will result in the acquisition of joint control by Goldman Sachs and Schoyen over Concordia B.V. (and therefore ultimately over Swebus) within the meaning of Article 3(1)(b) of the ECMR.

III. COMMUNITY DIMENSION

8. The undertakings concerned have a combined aggregate worldwide turnover of more than ECU 5,000 million. In 1998 Schoyen had a total turnover of ECU 83.9 million. The corresponding figure for Goldman Sachs was ECU 7,638.4 million and for Swebus 348.5 million. The aggregate Community-wide turnover of Goldman Sachs and Swebus is more than ECU 250 million (Goldman Sachs [...]* million and Swebus [...]* million). The parties do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

IV. COMPETITIVE ASSESSMENT

A. Relevant product and geographical markets

9. The parties have indicated that the bus transport sectors concerned by the proposed concentration is made up of Contract Traffic, National Express Coaches and Hire & Excursions. It is submitted that each of these constitute separate product markets and that such markets are largely national in their geographical scope and therefore the parties believe that they do not compete in the same product markets.
10. According to the parties, the Contract Traffic market involves the provision of public transport bus services based on contracts with local Contracting Public Transport Authorities. The National Express Coaches market involves the provision of scheduled bus services operating between cities. Finally, the Hires & Excursions market comprises private transport bus services booked in advance.

11. As regards the geographical market, the parties consider the markets identified above to be regional or local in nature. The Commission has examined the European bus transport industry in past decisions (for example in CGEA/Linjebuss Case No IV/M.1100 OJ 1998 C208/02) and considered that these transport markets were essentially national in their geographical scope.
12. However, as in the above mentioned case, the definition of the relevant product and geographical markets may be left open in the present case since the transaction would not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the common market or a substantial part thereof irrespective of the market definitions chosen, as set out in the competitive assessment below.

B. Competitive assessment

13. As indicated above, the parties' view is that the bus transport sector is made up of Contract Traffic, National Express Carriers and Hire & Excursions. The Swebus Group is active in all three segments in Sweden and/or in Finland. However, Schoyen is only active in Contract Traffic in Norway.
14. On the Contract Traffic market, Swebus market share has been indicated to be around [15-25%]* in Sweden, and its largest competitors, Busslink and Linjebuss, have been indicated to have market shares of around [10-20%]* and [10-20%]* respectively. In Finland, Swebus has around [<10%]* of the market and Helsinkin Kaupungin Liikenneraitos, Suomen Turistauto and Linjebuss having around [all <10%]* respectively. Schoyen has been indicated as having around [<10%]* of the Contract Traffic market in Norway.
15. Furthermore, the Swebus Group operates National Express Coach services in Sweden, including three international routes (Stockholm-Oslo, Gothenburg-Oslo and Gothenburg-Copenhagen). Swebus is an important supplier of these services, and, in 1998, achieved approximately [40-50%]* of all sales in Sweden. However, Schoyen does not operate National Express Coaches services in Norway or any other Member State or EFTA State.
16. Finally, the Swebus Group provides Hire & Excursions service in Sweden only, and has around [<10%]* of this market in Sweden. Again, Schoyen does not operate any regular Hire & Excursion services, but occasionally it may be required to provide this kind of services in Norway.
17. Goldman Sachs does not conduct any activities in the bus transport or the bus manufacturing markets in Sweden, Finland or Norway.
18. Therefore, if the relevant geographical market is considered to be national wide the concentration would not raise any competitive concerns as the parties are active in different countries. Even if the relevant geographical market would be regarded as Sweden and Norway or Nordic wide, it can be concluded that the concentration would not raise serious doubts as to its compatibility with the common market or a substantial part of it, since Schoyen, under this assumption, would only contribute with its [<10%]* share of the Norwegian Contract Traffic. The combined market share of the parties would not exceed <20% in any possible wider geographic market. In addition, there are a number of important players active on the bus transport market (for example

Busslink, Linjebuss, Helsingin Kaupungin Liikenneliikenne ja Suomen Turistauto) as indicated above.

19. In light of the above, the proposed transaction is not likely to give rise to any competitive problems on the markets concerned by the operation. Consequently, the proposed concentration does not lead to the creation or strengthening of a dominant position as a result of which effective competition would be significantly impeded in the common market and the EEA or in a substantial part thereof.

V. CONCLUSION

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

For the Commission,