

***Case No COMP/M.2120 -
TOYOTA MOTOR
CORPORATION /
TOYOTA GB***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 01/09/2000

*Also available in the CELEX database
Document No 300M2120*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 01.09.2000
SG(2000)D/106465

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 COMP/M.2120 TOYOTA MOTOR CORPORATION/TOYOTA GB
Notification of 07/08/200 pursuant to Article 4 of Council Regulation No 4064/89

1. On the 7 August 2000 the Commission received a notification of a proposed concentration pursuant of Article 4 of Council Regulation (EEC) No. 4064/89¹, by which the Japanese company Toyota Motor Corporation will acquire sole control over its exclusive wholesale distributor in the UK, Toyota (GB) PLC.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Council Regulation (EEC) NO 4064/89 and does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

¹ OJ L 395, 30.12.1989 p.1 corrigendum OJ L 257 of 21.09.1990, p.13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9.7.1997, p1, corrigendum OJ L 40, 13.2.1998, p 17)

I. THE PARTIES

3. **Toyota Motor Corporation (TMC)** of Japan is engaged in the manufacture, sale, leasing and repair of motor vehicles, industrial vehicles, ships and other transport equipment. TMC also manufactures industrial machinery. Toyota's vehicle marques include Toyota, Lexus and Daihatsu.
4. **Toyota (GB) PLC (TGB)** a company registered in England and Wales is the exclusive distributor of Toyota and Lexus vehicles and spare parts in the UK. It also provides finance, leasing and insurance services in the UK.

II. THE OPERATION

5. TMC is proposing to acquire sole control of TGB, which is currently jointly controlled by TMC and Inchcape Overseas Limited (IOL), a wholly-owned subsidiary of Inchcape PLC (Inschcape). TMC acquired 5% of TGB on 26 March 1990, in June 1993 its stake was increased to 25% and to 51% on 1 January 1998. Since then IOL and TMC jointly controlled TGB. TMC now proposes to acquire by way of purchase the remaining 49% held by IOL.

III. CONCENTRATION

6. The operation constitutes an acquisition by TMC of sole control over TGB, and is therefore a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

IV. COMMUNITY DIMENSION

7. The undertakings concerned have a combined aggregate world-wide turnover of more than €5 billion² (TMC €110 billion, TGB €1762 million). The aggregate Community-wide turnover of each party is in excess of €250 million (TMC €7.1 billion, TGB €1762 million), but they 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.

V. COMPETITIVE ASSESSMENT

8. The operation involves the acquisition of sole control from joint control, TMC already holds a controlling interest in TGB and the acquisition of the remaining shares is unlikely to change the market position of TGB substantially. This operation essentially completes the vertical integration of TMC and TGB.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

9. The relevant product market is wholesale distribution of passenger cars and spare parts, which has in previous decisions³ been subdivided into a number of smaller markets. In this case however the definition will be left open as the operation does not give rise to competition concerns irrespective of the market definition used. The geographical scope of the market is left open for the same reason.
10. TMC is currently not active in the wholesale distribution of Toyota and Lexus vehicles in the UK other than through TGB. The proposed transaction will not result in additional market foreclosure. TGB's distribution network was only available for TMC vehicles prior to the transaction, and will remain so following the acquisition of sole control by TMC.
11. There are no horizontally or vertically affected markets in the present operation. The market share is below 25% in all cases on both upstream and downstream markets. TMC's share of the wholesale market in the UK, through TGB's, is less than 15% for any vehicle segment individual vehicle segment and TMC's market share does not exceed 4% in the overall EU market or 15% for any vehicle segment.
12. In view of the above, the operation will not lead to the creation or strengthening of a dominant position.

VI. ANCILLARY RESTRAINTS

13. Inchape and IOL undertakes during a period of 2 years not to offer employment to, or employ any person who was at the date of Completion a consultant or senior employee of TGB, or to knowingly disrupt or interfere with any trading agreement between TGB and any supplier.
14. This restriction on the solicitation of employees does not go beyond what is necessary to guarantee the value of the shares being transferred. The Commission therefore regards the provision directly related and necessary to the implementation of the concentration.

VII. CONCLUSION

15. 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 and Article 57 of the EEA agreement.

For the Commission,
Signed G. VERHEUGEN,
Member of the Commission

³ Including Case no IV/M.416 BM/Rover, Case no IV/M.741 Ford/Mazda; Case no IV/M.1036 Chrysler/Distributors, Case no M.1204 Daimler-Benz/Chrysler and Case no IV/M.1326 Toyota/Daihatsu.