

***Case No COMP/M.2218 -
THOMAS COOK
HOLDINGS / BRITISH
AIRWAYS / JV***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 30/04/2001

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.04.2001

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PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sir/Madam,

**Subject: Case No COMP/M.2218 - Thomas Cook Holdings/British Airways/JV
Notification of 29/03/2001 pursuant to Article 4 of Council Regulation
No 4064/89¹**

1. On 29.03.2001, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which Thomas Cook Holdings Limited ("TC Holdings"), currently being acquired by C&N Touristic AG, and British Airways Plc ("British Airways") acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of a joint venture ("JV") by way of purchase of shares in a newly created company constituting a joint venture.
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.

I. THE PARTIES AND THE TRANSACTION

3. TC Holdings is a U.K.-based vertically integrated travel business incorporating package tour operations, travel agencies and charter airline activities. TC Holding's EEA leisure travel operations are limited to the U.K. and Ireland. British Airways' principal activities are the carriage by air of passengers and freight and associated maintenance activities; British Airways also has a wholly-owned subsidiary British Airways Holidays Ltd. ('BAH') which sells scheduled short -haul and long -haul package holidays.

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

4. TC Holdings will transfer to the JV its wholly-owned subsidiary Thomas Cook Holidays Ltd. ('TCH'), which operates a U.K.-based scheduled long-haul and scheduled short-haul tour operating business (but not airlines or travel agencies). British Airways will transfer to the JV the outbound tour operating business of its subsidiary BAH, which business consists of scheduled long-haul and scheduled short-haul tour operations (but not airlines or travel agencies).

II. CONCENTRATION

5. British Airways and TC Holdings will each own 50% of the shares in the JV, which will be full function, consisting of the existing tour operating activities of its parents. The JV therefore constitutes a concentration within Article 3(2) of the Merger Regulation

III. COMMUNITY DIMENSION

6. British Airways and Thomas Cook Holdings have a combined aggregate worldwide turnover in excess of EUR 5,000 million². Each of them has a Community-wide turnover in excess of EUR 250 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, but does not constitute a cooperation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

IV. COMPETITIVE ASSESSMENT

A. Relevant markets

7. The JV will only be active in the U.K., which in previous Commission decisions (e.g. Airtours/ First Choice) has been defined as a separate national market as far as tour operating is concerned. The Commission has also found (op. cit.) that short-haul and long-haul package holiday segments constitute separate product markets. The Commission's investigation in the present case has confirmed these market definitions.

B. Assessment

8. The JV's short-haul package holidays involve primarily 'city breaks'. If the U.K. scheduled short haul city break package holiday sector were to be considered as a distinct market, the parties' combined market share would be around 12% (the market leader is Airtours with 36%). In the short haul foreign package holiday market the JV's share would be smaller still.
9. As far as U.K. scheduled long-haul package holidays are concerned, the parties' combined market share would be about 16%, and they would face significant competition from, inter alia, Kuoni (19%) and Virgin (15%).
10. As far as the parties' combined buying power is concerned, given their modest share of the U.K. short-haul/city break sector (12%, see above) and the fact that EEA city-located

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.

hotels are used by tour operators from throughout the EEA and indeed the world, any possibility of dominance can be excluded. Long-haul accommodation is located outside the EEA.

V. CONCLUSION

11. 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

(signed)
Mario MONTI
Member of the Commission