

EN

*Case No IV/M.326 -
Toyota Motor Corp. /
Walter Frey / Toyota
France*

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 01/07/1993

*Also available in the CELEX database
Document No 393M0326*

Brussels, 1st July 1993

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

Registered with advice of delivery

1. Notifying party
2. Notifying party

Dear Sirs,

Subject: Case No. IV/M.326 - Toyota Motor Corp./Walter Frey/ Toyota France
Notification of 2.4.1993 pursuant to Article 4 of Council Regulation No.
4064/89

1. Toyota Motor Corporation ("TMC") and Walter Frey Holding AG ("WFH") notified on 28 May 1993 an operation under which WFH will sell to TMC 35% of the shares in its subsidiary, Société d'Importation et de Distribution des Automobiles Toyota S.A. ("Toyota France").

I. THE PARTIES

2. TMC is a Japanese company which manufactures and sells motor vehicles (including industrial vehicles produced through an affiliate) and associated spare parts worldwide.
3. WFH is a Swiss holding company owning businesses in several countries which act as motor vehicle distributors and dealers for a variety of manufacturers, including Toyota in Switzerland. Apart from Toyota France, WFH distributes [...] ⁽¹⁾ 4x4 vehicles in France through a subsidiary and is part of a joint venture, [...] ⁽¹⁾ which distributes US luxury cars [...] ⁽¹⁾ France as well.
4. Toyota France is a wholly-owned subsidiary of WFH which imports and distributes on an exclusive basis Toyota passenger and light commercial vehicles (LCVs) and associated parts, as well as Moto Guzzi motorcycles, in France. Since 1990, it has

⁽¹⁾ Business secret - a non Toyota brand

also distributed a small number of LCVs manufactured by Volkswagen (412 in 1992).

II. CONCENTRATION

Joint Control

5. At 35%, TMC is acquiring only a minority stake in Toyota France but it will enter into a shareholders' agreement with WFH (which will retain the balance of the shares) affording it effective joint control with WFH.
6. Toyota France will perform on a lasting basis all the functions of an autonomous economic entity since it will continue to hold all the necessary resources for the conduct of its existing business.
7. Distributorships are granted on a national basis, and while dealers/customers may import vehicles from other Member States (provision for such parallel imports being expressly made in the block exemption for motor vehicle distribution⁽²⁾), the geographic market would appear essentially national, if not sub-national at the retail level.

Since TMC does not distribute motor vehicles in France, there will clearly not be any possibility for co-ordination between TMC and the joint venture or between the parents themselves.

WFH, on the other hand, will technically remain active in vehicle distribution in France through companies distributing luxury US [...] ⁽¹⁾ vehicles, but the quantities concerned are sufficiently small (sales of both sorts of cars constituted only 0.0006% of the market for distribution of cars and LCVs in France in 1992) as to be negligible in assessing the risk of co-ordination of competitive behaviour between the joint venture and WFH. The operation is thus a concentration within the meaning of Article 3 of Regulation 4064/89.

III. COMMUNITY DIMENSION

8. The operation has a Community dimension as the combined aggregate turnover of the undertakings exceeds 5,000 million ECU [...] ⁽³⁾ aggregate Community-wide turnover of each of the undertakings exceeds 250 million ECU and TMC does not achieve more than two-thirds of its Community-wide turnover in any single Member State.

IV. COMPATIBILITY WITH THE COMMON MARKET

9. Toyota France distributes passenger cars, LCVs and related spare parts. Vehicle distribution is usually undertaken through a pyramidal structure whereby

⁽²⁾ Commission Regulation (EEC) No. 123/85 of 12 December 1984.

⁽³⁾ Business secret

manufacturers supply importers/distributors who in turn supply dealers and sub-dealers.

11. TMC's share of the EC market for passenger vehicles and LCVs combined was 2.3% in 1992. Toyota France's share of the French markets in 1992 was:

passenger cars	- 0.7%
LCVs	- 1.3%

and its share of any individual segment of the French passenger car market did not exceed 14%.

12. The proposed concentration will result in no additional market foreclosure - Toyota France's distribution network was only available for Toyota cars prior to this transaction and will remain so following the acquisition of joint control by TMC.

V. CONCLUSION

13. There is no horizontal overlap between the activities of the parties and the proposed concentration will not give rise to any increment in market shares. The main economic effect will be the increase in value added by TMC through vertical integration of its activities in the French market which does not give rise in this case to any competition concerns.

*

* *

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