

***Case No COMP/M.6207 -  
GESTAMP/ TKMF***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 18/07/2011

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EUROPEAN COMMISSION

Brussels, 18.07.2011

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying party

Dear Sir/Madam,

**Subject: Case No COMP/M.6207 – GESTAMP/ TKMF  
Commission decision pursuant to Article 6(1)(b) of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 10/06/2011, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004<sup>2</sup> by which the undertaking Gestamp Automoción S.L. ("Gestamp", Spain), controlled by the Corporación Gestamp S.L., acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of ThyssenKrupp Metal Forming ("TKMF", Germany), (both Gestamp and TKMF are referred as "Parties") by way of purchase of shares.

## **I. THE PARTIES AND THE OPERATION**

2. Gestamp is the automotive supply division of Corporación Gestamp, which is active worldwide mainly in three fields: (i) the supply of metal components, modules and systems for the automotive industry, (ii) steel service centres, and (iii) renewable energy.
3. ThyssenKrupp Metal Forming ("TKMF") is a group of companies currently forming part of the group headed by ThyssenKrupp AG ("ThyssenKrupp"). TKMF is active in the manufacture and supply of body and chassis stampings and assemblies to automotive manufacturers. Specifically, the companies that comprise TKMF are the following:

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<sup>1</sup> OJ L 24, 29.1.2004, p. 1 (the "Merger Regulation").

<sup>2</sup> OJ L 24, 29.1.2004, p. 1 (the "Merger Regulation").

- ThyssenKrupp Umforttechnik GmbH (Alemania);
  - ThyssenKrupp Prisma S.A.S. (Francia);
  - ThyssenKrupp Sofedit S.A.S. (Francia);
  - ThyssenKrupp Sofedit Polska Spzoo (Polonia);
  - ThyssenKrupp Sofedit España S.A. (España);
  - ThyssenKrupp Automotive Chassis Products UK Plc (Reino Unido);
  - ThyssenKrupp Tallent Ltd. (Reino Unido);
  - ThyssenKrupp Metal Forming (Wuhan) Ltd. (PR China); and
  - ThyssenKrupp Otomotiv Parcalari Sanayi ve Ticaret limited Sirketi GEBZE Kocaeli (Turkey).
4. On April 29, 2011, Gestamp Automoción entered into a Share Purchase Agreement (“SPA”) with ThyssenKrupp Steel Europe A.G. and ThyssenKrupp A.G. According to the SPA, Gestamp Automoción will acquire the shares of the companies that form TKMF. Following the proposed Transaction Gestamp will have sole control over TKMF.
5. Based on the above, the proposed Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **II. EU DIMENSION**

6. The undertakings concerned have a combined aggregate turnover of more than 2.5 billion EUR in 2010 (Corporacion Gestamp: EUR 4,502 million, TKMF: EUR 1,089 million). The Community-wide turnover individually achieved by both Gestamp and TKMF is more than EUR 100 million (EUR [...] million in the case of Gestamp and EUR [...] in the case of TKMF). In addition, the Parties do not each achieve more than two thirds of their Community-wide turnover in one and the same Member State. Therefore the concentration has a community dimension within the meaning of Article 1 (2) of the Merger Regulation.

## **III. COMPETITIVE ASSESSMENT**

7. Both TKMF and Gestamp are active in the manufacture and supply of components for the automotive industry (flat steel components, structural chassis assemblies, foot controls, hinges and checks). In addition, Gestamp is also active in the Steel Service Center business, which is an upstream market to the market for foot controls and hinges and checks.

### *Components for the automotive industry*

8. The Commission has established in previous cases a distinction between systems and components for light vehicles, on the one hand, and systems and components for heavy vehicles, on the other hand<sup>3</sup>. Furthermore, the market for automotive components was further divided into (i) products for Original Equipment Manufacturers (“OEM”s),

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<sup>3</sup> Cases COMP/M.6003 - Renco Group / Body Systems; COMP/M.4456 - Mahle/Dana EPG.

including products for the Original Equipment Services ("OES") businesses, and (ii) replacement parts sold to the independent aftermarket ("IAM")<sup>4</sup>.

9. Gestamp and TKMF are both suppliers of components for light vehicles to OEMs and OES businesses. Neither Party is active in the markets for replacement parts sold to the independent aftermarkets. The horizontal overlaps thus only relate to the markets for components for light vehicles sold to OEMs/OES businesses.
10. For the purposes of the present case, the following markets of components for light vehicles sold to OEMs/OES businesses are horizontally affected: (i) structural chassis assemblies (ii) foot controls (automotive pedal boxes and pedals), and (iii) automotive hinge systems for doors, motor hoods and trunks. In addition, the market for steel services (upstream) is vertically affected as regards the market of hinges systems.

## **A. Relevant product markets**

### *Structural chassis assemblies*

11. The structural chassis assemblies are composed by a number of already preassembled components (modules or assemblies) which are delivered as one single unit. The market for structural chassis assemblies include the manufacture and supply of structural assemblies for the chassis, such as suspension arms, axles, sub frames and assembled chassis module systems, *inter alia*.
12. In prior decisions, the Commission has not expressly defined the market for structural chassis assemblies as opposed to other automotive components. However, in a preceding Commission decision the product market for chassis for buses and coaches<sup>5</sup> was considered. In the same decision, a possible sub-segmentation of the market for the supply of chassis by component was taken into consideration, but the Commission ultimately left the market definition open. In addition, the market for axles and chassis components<sup>6</sup> and individual components<sup>7</sup> have been considered as relevant product markets in previous Commission decisions.
13. In the Parties' view, the structural chassis assemblies constitute a separate product market due to the existing differences between structural chassis assemblies and other metallic components of the vehicle in terms of: characteristics of the products, design, manufacturing process and technology, and competitors dedicated to their production and supply.
14. The Parties further submit that each module or assembly may serve somewhat different purposes, have slightly different characteristics and include different elements. However, in practice the expertise and capabilities required to produce such assemblies

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<sup>4</sup> Cases COMP/M.6003 - Renco Group/Body Systems; COMP/M.3789 - Johnson Controls/Robert Bosch/Delphi SLI.

<sup>5</sup> COMP/M.4336 - MAN / SCANIA

<sup>6</sup> COMP/M.3151 – THYSSENKRUPP/SOFEDIT

<sup>7</sup> Case IV/666 Johnson Controls/ Roth Freres, Case IV/937 Lear/Keiper, COMP/M.5930 JCI-Michel Thierry Group; COMP/M.6045 – JCI/CRH,

are largely similar, so that manufacturers of these products are generally able to assemble most assemblies and modules and would be considered as alternatives by the clients.

15. If each of the modules, systems and assemblies included in structural chassis assemblies were to be regarded as a separate product markets, four different sub-segments would be considered:
- (i) Subframes/cross-members: assembled and painted chassis structure components mainly of flat steel or tubes for front or rear axles of automobiles to carry certain components, such as the engine, drive train or suspension;
  - (ii) Links and control arms: chassis components to control the spring of the wheels of a vehicle which are often linked to the sub-frame;
  - (iii) Large frames: structural components of a chassis which carry all loads of the vehicle used in frame based vehicle designs; and
  - (iv) Chassis components which do not belong directly to the other categories.
16. For the case at hand, the definition of the exact product market can be left open, as even under the narrowest product market definition (i.e. per elements included within structural chassis assemblies) no competition concern would raise due to the proposed Transaction.

*Foot controls*

17. Foot controls consist of two or three pedals (brake, clutch and accelerator pedal) supported by a pedal box, which is mounted to the floor panel of the vehicle.<sup>8</sup>
18. The market investigation in a recent case<sup>9</sup> confirmed that pedal boxes are widely seen as a single market (i.e. all (sub)components are seen as a whole product, and no differentiation as regards the material was considered relevant). Nonetheless, the product market definition in that case was left open.
19. As mentioned above, there are three sub-components within the foot controls market: the brake, clutch and accelerator pedals. However, in the Parties' view, on many occasions the clutch and brake pedals are integrated into the pedal box or, at least, sold together by the same components manufacturer. The accelerator pedal, by contrast, is generally manufactured and sold separately.
20. The Parties consider that, although foot controls can vary in the refinement of their design and of the materials used on the outside, they basically represent the same type of product. The use of different types of raw materials can influence especially the weight and appearance of foot controls, but the products remain interchangeable despite such possible differences.<sup>10</sup>

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<sup>8</sup> COMP/M.5733 - Gestamp Automocion/Edscha Hinge & Control Systems

<sup>9</sup> Idem

<sup>10</sup> Gestamp considers that accelerator pedals do not form part of the foot controls market since they have different compositions, characteristics and functions and are generally not manufactured by Gestamp and their competitors.

21. For the purpose of the present case, the exact product market definition for foot controls can be left open as even under the narrowest product market definition (i.e. by (sub) components) no competition concern would raise due to the proposed Transaction.

#### *Hinge systems*

22. Hinge systems for the automotive industry cover door hinges, door checks and hinges with integrated door checks. Almost all hinges are made out of steel.<sup>11</sup>
23. The Parties submit that other components related to hinge systems might be engine hood and hatch hinges, sliding door roller carriers and power lifts for tailgates or decklids. The common purpose of all these products is safe and comfortable opening/closing of different closures for the automotive industry.
24. The Commission has previously considered the market for the manufacture and sale of hinges for the automotive industry,<sup>12</sup> but it left the product market definition open. In the *Gestamp Automocion/Edscha Hinge & Control Systems* case, however, the market investigation showed a tendency towards segmentation according to the respective application for hinges (front lid hinges, door hinges, rear lid hinges, door checks etc.).
25. The Parties consider that although the different types of hinges are not interchangeable, separate markets should not be defined for each type of hinge since the various hinges are all produced by the same companies, using similar technologies and machinery, and the customers for the different types of hinges on the demand-side are also the same OEMs.
26. Nevertheless, for the purpose of the present case, the exact product market definition can be left open as further segmentation of the market will not affect the competitive assessment.

#### *Steel Service Centers*

27. Steel services comprise a variety of different processing works of steel in the aftermath of the production of steel in the form of coils in steel works.
28. In earlier decisions<sup>13</sup>, the Commission identified three separate steel distribution markets - steel service centers, stockholding, and oxy-cutting centers - and considered each of those as different relevant markets on the basis on the following elements: (i) products supplied in each distribution market are different; (ii) they use different means and techniques, which involve substantial investments in machinery, to carry out their core activities; and (iii) they develop different products aimed to particular kinds of clients.
29. The Parties submit that, for the purpose of the present case, it is unnecessary to consider possible distinctions within the overall market for steel services, as further segmentations of the market would not affect the competitive assessment. Moreover, the

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<sup>11</sup> COMP/M.5733 - Gestamp Automocion/Edscha Hinge & Control Systems

<sup>12</sup> COMP/M.3013 – Automotivelyle Group/Edscha; COMP/M.5733 - Gestamp Automocion/Edscha Hinge & Control Systems.

<sup>13</sup> COMP/ECSC.1351 Usinor/Arbed/Aceralia, §76; COMP IV/M.918, Klöckner/ODS; COMP IV/M.1329, Usinor/Cockerill Sambre; COMP IV/M.0971, Klöckner/Comercial de Laminados; and COMP IV/M.4137, Mittal/Arcelor.

Parties underline that in a recent Commission decision<sup>14</sup>, the market investigation largely supported the Parties' view that it was not necessary to analyze the possible distinctions between different kinds of steel service centers.

## **B. Relevant geographic markets**

### *Markets for automotive components*

30. Previous Commission decisions regarding the manufacture and supply of components for the automotive industry<sup>15</sup> considered the market as being at least EEA-wide. Furthermore, recent Commission decisions have also outlined the existence of a tendency to define wider geographic markets<sup>16</sup> based on the following factors: (i) all OEMs and customers of automotive components are large corporations, which do business worldwide and maintain a large number of production plants all over the world and (ii) when OEMs decide to produce a new vehicle model, they usually asks suppliers to participate in a tender for the respective automotive components on a worldwide basis.
31. Additionally, and in relation to the market of foot controls and hinge systems, the market investigation in a recent case<sup>17</sup> showed a tendency towards wider markets (mostly because Asian suppliers become more and more important for EEA manufacturers).
32. The parties consider that the markets of components for the automotive industry (including the markets for structural chassis assemblies, foot controls and hinge systems) are worldwide or at least EEA-wide in scope. Suppliers are regionally diversified but active worldwide and customers manufacture light passenger vehicles by employing a worldwide manufacturing base. As well, modern supply chain management and logistic systems allow a just in time availability of the products at the OEM factory anywhere in the world.
33. It follows from above that the markets for structural chassis assemblies, foot controls and hinge systems could be considered as at least EEA-wide. In any event, the geographic market definition could be left open as no competition concerns would arise from the present Transaction.

### *Steel Services*

34. In prior Commission decisions, the scope of the steel distribution markets was considered as national or at most regional<sup>18</sup>. However, with respect to steel services, the

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<sup>14</sup> COMP/M.5733 - Gestamp Automocion/Edscha Hinge & Control Systems

<sup>15</sup> Cases COMP/M.6003 - Renco Group / Body Systems, COMP/M.5977 - Faurecia/Plastal, COMP/M.5930 - Jci/Michel Thierry Group, COMP/M.5570 - Platinum Equity Group/Delphi Corporation, COMP/M.5294 - Schaeffler/Continenta, COMP/M.4161 - SEI/VWBN I and COMP IV/M.1481 - Denso/Magneti Marelli.

<sup>16</sup> COMP/M.4161 - Sei/Vwbn, COMP/M.5977 - Faurecia/Plastal and COMP/M.5930 - Jci/Michel Thierry Group.

<sup>17</sup> COMP/M.5733 - Gestamp Automocion/Edscha Hinge & Control Systems

<sup>18</sup> COMP IV/M.4137, Mittal/Arcelor., Case COMP/ECSC.1351Usinor/Arbed/Aceralia.

parties consider that the market is at least EEA-wide in scope, as the customers are predominantly major companies who source their supplies at least on an EEA-wide scale. Despite the Parties' arguments, the Commission sees no reasons to deviate from its previous practice in the case at hand.

35. It follows that the geographic market definition could be left open in this case, since no competition concerns would arise under any alternative geographic delineations.

### C. Competitive Assessment

#### *Structural chassis assemblies*

<b>Parties' estimated shares by volume of structural chassis assemblies (2010)</b> (including OEM in-house production)						
	Total market (Tons)	Gestamp		TKMF		Combined
		Tons	%	Tons	%	%
EEA	[...]	[...]	[0-5]%	[...]	[10-15]%	[10-15]%
Worldwide	[...]	[...]	[0-5]%	[...]	[0-5]%	[0-5]%

*Source: IHS Automotive (CSM Worldwide) 01/2011*

*Polk Marketing systems ProAutomotive Body Types April 2010 and the parties.*

36. Regarding the overall market for structural chassis assemblies, the Parties' combined market shares would be below 15% both on an EEA and worldwide basis. Thus, the Transaction does not give rise to affected market if a wider market definition encompassing all chassis assemblies, modules and systems is retained.
37. However, as shown in the table below, if the OEM in-house production is excluded, the Parties' shares in the EEA would be above 15%, and thus, the overall market for structural chassis assemblies in the EEA is affected.



Estimated market shares by volume of structural chassis assemblies in EEA in 2010		
Competitor	% (including OEM in-house production)	% (excluding OEM in-house production)
Benteler	[10-20]%	[20-30]%
TKMF	[10-20]%	[10-20]%
ACI	[5-10]%	[10-20]*
VW Braunschweig	[5-10]%	-
PSA Caen	[5-10]%	-
Daimler	[5-10]%	-
Magnetti-Marelli	[5-10]%	[5-10]*
Dana / Metalsa	[0-5]%	[5-10]%
BMW	[0-5]%	-
ZF	[0-5]%	[0-5]%
Magna	[0-5]%	[0-5]%
TRW	[0-5]%	[0-5]%
Hyundai Mobis	[0-5]%	[0-5]*
Tower	[0-5]%	[0-5]%
Gestamp	[0-5]%	[0-5]%
Martinrea	[0-5]%	[0-5]%
Others	[10-20]%	[10-20]%
Total EEA	100%	100%

Source: Gestamp's internal estimates based on 2010 data.

\* ACI, Magnetti-Marelli and Hyundai Mobis, although vertically integrated with OEMs, also supply competing OEMs

38. Following the Transaction, the merged entity would have a market share of [10-20]% (TKMF [10-20]% and Gestamp [0-5]%) and would become the second player in the EEA market. However, various and significant players would be in the market post-Transaction, such as Benteler, ACI and Magnetti-Marelli and Dana/Metalsa, *inter alia*.
39. The market of structural chassis assemblies is characterised by a fierce competition with a high number of competitors. In particular, Benteler will continue to exert a substantial competition constraint on the merged entity and its competitors. Moreover, the increment brought by the Transaction is negligible ([0-5]%), as Gestamp presence in the structural chassis assemblies is very limited ([...]).
40. The Parties consider that the proposed Transaction will not raise competition concerns as regards this market given the limited overlap, the strong presence of competitors and the competitive pressure exercised by the OEMs. In this sense, the Parties underline that some production units vertically integrated with OEMs also participate in the bidding

processes of competing OEMs, as it is the case of ACI, Magnetti-Marelli and Hyundai Mobis.

41. Furthermore, if a wider market encompassing axels and chassis components were to be considered, the Parties' market shares would be lower than their share for structural chassis assemblies, as Gestamp and TKMF do not have activities in those other products (the business units of ThyssenKrupp that do operate in other segments of this market are not part of the Transaction). Specifically, Gestamp's share of a hypothetical EEA market for axels and chassis components would be around [0-5]%, while TKMF's share would be around [5-10]%.
42. Finally, if narrower product markets (i.e. in terms of chassis modules, assemblies and systems) were to be considered, the Parties would overlap in the following segments:<sup>19</sup>
  - (i) Subframes/cross-members, where Gestamp and TKMF would have a EEA combined share of [5-10]% ([0-5]% Gestamp and [5-10]% TKMF);
  - (ii) Links and control arms, where Gestamp and TKMF would have a EU combined share of [10-20]% ([0-5]% Gestamp and [10-20]% TKMF); and
  - (iii) Large frames, where Gestamp and TKMF would have a EU combined share of [10-20]% ([0-5]% Gestamp and [10-20]% TKMF).<sup>20</sup>
43. If the OEMs in-house production is excluded, the Parties' combined shares would remain very similar: (i) Subframes/cross-members – [10-20]% ([0-5]% Gestamp and [10-20]% TKMF); (ii) Links and control arms – [20-30]% ([0-5]% Gestamp and [20-30]% TKMF); and (iii) Large frames – [20-30]% ([0-5]% Gestamp and [20-30]% TKMF).
44. It follows from the above figures that the combined entity would have moderate market shares even under the narrowest market definitions. The merged entity share would remain under 20% in any sub-segment. Further, in the three sub segments in which there would be overlap it would be minimal, at an estimated [0-5]%, [0-5]% and [0-5]%, respectively.
45. The minor overlaps are due to Gestamp's lack of significant activities in this market (it only supplies [...] customer and accounts for only around [0-5]% of EEA sales). In addition, and as derived from the above table, numerous and strong players are active in these markets.
46. Based on the above arguments, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards

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<sup>19</sup> Figures including OEM in-house production.

<sup>20</sup> Source: *the Parties' best estimates. According to Gestamp, there is a total absence of third party data and a high degree of supply-side substitutability, and therefore, there is almost no information on individual components from either the demand or the supply side. On the demand-side, different models of cars include different components, and on the supply side all the components are made using the same plants and machinery, which makes it impossible to identify capacity dedicated to any given component. Accordingly, Gestamp respectfully submits that the most meaningful market share data available are those of the EEA market.*

the market for structural chassis assemblies and its further delineations (*i.e.* subframes/cross-members, links and control arms and large frames).

*Foot controls*

Parties' estimated market shares by volume of foot controls in 2010 (including OEM in-house production)						
	Total market (Units)	Gestamp		TKMF		Combined
		Units	%	Units	%	%
EEA	[...]	[...]	[10-20]%	[...]	[5-10]%	[10-20]%
Worldwide	[...]	[...]	[0-5]%	[...]	[0-5]%	[5-10]%

*Source: IHS Automotive (CSM Worldwide) 01/2011,*

*Polk Marketing systems ProAutomotive Body Types April 2010 and the parties.*

47. The table below shows the parties' and their competitors' estimated shares of sales in volume of foot controls in EEA (excluding OEM in-house production):

Estimated market shares of competitors by volume of foot controls in EEA (2010)	
Competitor	Market share (%)
Gestamp	[10-20]%
Cimos	[10-20]%
Magnetti Marelli	[5-10]%
TKMF (Sofedit)	[5-10]%
Batz	[5-10]%
Brano	[0-5]%
ZF	[0-5]%
Ficosa	[0-5]%
Others	[30-40]%

*Source: Gestamp's internal estimates based on 2010 data.*

48. The product market of foot controls (data were given for pedal boxes including both a brake and clutch pedal)<sup>21</sup> is an affected market only in the EEA, as the Parties' combined market share on a worldwide level would be below 15% ([5-10]%).

49. In the EEA, the merged entity would have [10-20]%<sup>22</sup> (Gestamp: [10-20]%, TKMF: [5-10]%) if OEM in-house production were to be included. Excluding OEM in-house production, the Parties' combined shares would remain very similar, [20-30]% (Gestamp: [10-20]%, TKMF: [5-10]%). The merged entity would face important

<sup>21</sup> Accelerator pedals were not included in the data. If they were included, the overall market shares of Gestamp and TKMF would be even lower.

<sup>22</sup> For the calculation of the market shares, sales of complete pedal modules or systems have been counted as a unit and sales of pedal components (brakes or clutch) have been counted as half a unit.

competitive pressure by several manufacturers such as Cimos ([10-20]%), Magnetti Marelli ([5-10]%), Batz ([5-10]%), Brano ([0-5]%), ZF ([0-5]%), Ficoso ([0-5]%), and other smaller manufacturers which account for the remaining [30-40]% of the market. It appears, thus, that the market for the manufacture of foot controls is very fragmented and characterized by the presence of a high number of competitors.

50. Concerning the potential sub-markets of foot controls in the EEA<sup>23</sup>, the Parties estimate that their combined shares in relation to each kind of pedal would be substantially similar to their share of pedalboxes as a whole. On the hypothetical brake pedals segment the merged entity would be only slightly higher, at approximately [20-30]% ([...]). In turn, their share of a hypothetical clutch pedals segment would be slightly lower, at around [20-30]%.
51. The Parties further submit that no issue could be expected in the event that the Commission were to identify a separate market for accelerator pedals since Gestamp does not manufacture accelerator pedals and TKMF had only very limited sales in 2010 (representing less than 0.1% of estimated EEA sales).
52. In addition, the Parties claim that some OEMs have installed internal capabilities to undertake the manufacture of foot controls. The Parties estimate that this might amount to around [20-30]% of total market capacity.
53. As a consequence, the Parties would not be able to exert any competitive power *vis-à-vis* OEMs. OEMs have an important bargaining power, as they are large multinationals with important buying capacity. This bargaining power is reflected in the bidding process conducted to allocate the production of foot controls. Once the production of the product is awarded and the related supplier starts the production, the OEMs request yearly a price reduction. If the supplier does not accept to apply it, the OEM regularly opens a resourcing process to find another supplier to assume the production with annual price reductions. Therefore, if the resulting entity were to raise its prices above competitive levels, OEMs could easily and without cost switch to in-house manufacture.
54. In addition, the Parties state that the market is also subject to competition from independent manufacturers located outside the EU, such as Toyotetsu (Turkey and Japan), Yorozu (Japan) and Flex'n gate (US and Mexico). Therefore, in view of an increase in prices by the combined entity, OEMs could easily switch to other manufacturers.
55. Given the moderate combined market shares, the existence of significant competitors and the pressure exert by OEMs, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards the market for foot controls and its ulterior segmentations.

56. *Hinge systems*

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<sup>23</sup> Excluding OEM in-house production.

Parties' estimated market shares by volume of hinges and checks (excluding OEM in-house production)						
	Consumption (units)	Gestamp		TKMF		Combined %
		Sales (units)	%	Sales (Units)	%	
EEA	[...]	[...]	[40-50]%	[...]	[0-5]%	[40-50]%
Worldwide	[...]	[...]	[10-20]%	[...]	[0-5]%	[10-20]%

Source: Source: IHS Automotive (CSM Worldwide) 01/2011,

Polk Marketing systems ProAutomotive Body Typs April 2010 and the parties.

57. The table below shows the parties' and their competitors' estimated shares of sales in volume of hinges and checks in EEA (excluding OEM in-house production).

Estimated market shares of competitors by volume of hinges and checks in EEA	
Competitor	Market share (%)
Gestamp	[40-50]%
Cimos	[5-10]%
ISE	[5-10]%
Multimatic	[5-10]%
Flex n'Gate	[0-5]%
Gammastamp	[0-5]%
TKMF	[0-5]%
Others	[15-20]%

Source: Gestamp's internal estimates based on 2010 data.

58. The product market of hinges and checks is affected both on a global and EEA level, as the Parties' combined market share (in units) would be [10-20]% worldwide (Gestamp: [10-20]%, TKMF: [0-5]%) and [40-50]% EEA-wide (Gestamp: [40-50]%, TKMF: [0-5]%) and [10-20]% world-wide. Albeit the merget entity would be the market leader, that was the case before the Transaction. In fact, the proposed Transaction would gives rise to a minor increment of [0-5]%, given the very limited presence of TKMF in the market. Moreover, other players will remain in the market, such as Cimos ([5-10]%), ISE [5-10]%), Multimatic ([5-10]%), Flex n'Gate, Gammastamp, and a number of small competitors which account for ca. [20-30]% of the market.
59. Concerning a possible segmentation of the market of hinges and checks, there would be no overlap, since TKMF's limited sales of hinges and spare parts in 2010 were for rear window hinges, while Gestamp's sales are of trunk and door catches and hinges. These products are distinct in a number of ways such that, whatever the product segmentation adopted, Gestamp submits that there would be no overlap between them. Accordingly, Gestamp confirms that combined shares of the Parties resulting from the Transaction in any hypothetical segment for hinges and checks will not be higher than the shares of each party standing alone before the Transaction.
60. Given the above elements, the proposed Transaction is not expected to raise competition problems in the market for the manufacture and sale of hinges systems given the negligible sales of TKMF in this market and the very limited overlap between the

activities of the Parties as a result of the Transaction. Thus, the Transaction would not lead to a change in the competitive structure on any possible market of hinge systems.

61. In light of the above, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards the market for hinges systems.

*Steel Services*

Grupo Gonvarri's estimated market shares by volume of steel services in EU			
	Total production (Tons)	Gonvarri	
		Sales (Tons)	Market share (%)
<i>Austria</i>	[...]	[...]	[0-5]%
<i>Belgium</i>	[...]	[...]	[0-5]%
<i>Bulgaria</i>	[...]	[...]	[0-5]%
<i>Czech Republic</i>	[...]	[...]	[0-5]%
<i>France</i>	[...]	[...]	[0-5]%
<i>Germany</i>	[...]	[...]	[0-5]%
<i>Greece</i>	[...]	[...]	[0-5]%
<i>Hungary</i>	[...]	[...]	[0-5]%
<i>Italy</i>	[...]	[...]	[0-5]%
<i>Luxembourg</i>	[...]	[...]	[0-5]%
<i>Netherlands</i>	[...]	<i>v</i>	[0-5]%
<i>Poland</i>	[...]	[...]	[0-5]%
<i>Portugal</i>	[...]	[...]	[10-20]%
<i>Romania</i>	[...]	[...]	[0-5]%
<i>Slovakia</i>	[...]	[...]	[0-5]%
<i>Slovenia</i>	[...]	[...]	[0-5]%
<i>Spain</i>	[...]	[...]	[10-20]%
<i>Sweden</i>	[...]	[...]	[0-5]%
<i>UK</i>	[...]	[...]	[0-5]%
<b>EU</b>	[...]	[...]	[0-5]%

*Source: EUROFER 2010 Data (European Confederation of Iron and Steel Producer) and Gonvarri.*

62. Gonvarri is a subsidiary of Gestamp which is active in the upstream market for steel services. Steel services market is a vertically affected market in relation to the downstream market for hinges systems. According to the Parties, there is no other vertically affected market, as Gonvarri's market share upstream is below 25% and there are no markets, other than hinges systems, in which the Parties' would have a combined shares above 25%.
63. The steel services sales of Gonvarri (Gestamp) in the EU represented in 2010 only [0-5]% of total EU production of steel services. The Parties claim that given the very limited presence of Gonvarri in the upstream market, there is virtually no vertical

overlap. Moreover, the only EU Member States in which the Gestamp group would account for more than [0-5]% of the steel services market are Spain and Portugal, countries which together represent only [5-10]% of TKMF's EU revenues.

64. As well, it should be underlined that competitors on the market for steel services include large companies such as ThyssenKrupp Mannex, with around [10-20]% of the market; ArcelorMittal Steel Solution and Services ([5-10]%), Klöckner ([5-10]%), Descours ([0-5]%), Corus ([0-5]%), SZM ([0-5]%), Gonvarri ([0-5]%), Schmobi ([0-5]%), and Spaeter ([0-5]%). Other competitors in this market are Casares, Gabrielli, Tibnor, IMS, Bamesa or Benteler.
65. Given the small market share of Gonvarri (Gestamp) in the market for steel services, it is very unlikely that the Transaction would lead to any input foreclosure - regardless of the merged entity's market share in the downstream market for hinges systems-, as competitors of the parties will be able to obtain steel supplies from numerous and strong alternative steel suppliers.
66. Finally, it should be noted that the Transaction does not change the structure of the market in relation to this vertical link, as the market share of Gestamp in the related downstream market (i.e. hinges systems) was [40-50]% pre-merger. The increment due to the Transaction in the downstream market is insignificant, [0-5]%.
67. Based on the above elements, the Commission considers that proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards this vertical link.

#### **IV. CONCLUSION**

68. For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

For the Commission,  
(signed),  
Joaquín ALMUNIA  
Vice-President