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***Case No COMP/M.7238 - AMERICAN EXPRESS
COMPANY/ QATAR HOLDING/ GBT***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 20/06/2014

***In electronic form on the EUR-Lex website under
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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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Brussels, 20.6.2014
C(2014) 4240 final

PUBLIC VERSION

MERGER PROCEDURE

To the notifying parties

Dear Sir/Madam,

Subject: Case M.7238 - AMERICAN EXPRESS COMPANY/ QATAR HOLDING/ GBT
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004¹

(1) On 20 May 2014, the European Commission received a notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which the undertakings American Express Company ("**American Express**", USA) and Qatar Holding LLC ("**Qatar Holding**", Qatar), through Juweel Investors Limited ("**Juweel**", USA), acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of the whole of the undertaking GBT III B.V. ("**GBT Holdco**", The Netherlands) by way of purchase of shares (the "**Proposed Transaction**"). American Express and Qatar Holding are designated hereinafter as the "**Parties**".

1. THE PARTIES

(2) **American Express** is a global services company, mainly active in credit card products and travel-related services worldwide.

(3) **Juweel** is a special purpose vehicle solely controlled by Qatar Holding. Post-transaction, Qatar Holding will hold [a controlling stake in] Juweel. Other non-

¹ OJ L 24, 29.1.2004, p. 1 (the "**Merger Regulation**"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("**TFEU**") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

controlling investors in Juweel will include **BlackRock Inc.**² [...], **Certares International Bank LLC**³ [...], **Macquarie Group Ltd.**⁴ [...], and **Teacher Retirement System of Texas**⁵ [...].

- (4) **Qatar Holding** is a global investment holding company founded by the Qatar Investment Authority ("**QIA**", and together with Qatar Holding "**QH/QIA**"), the sovereign investment fund of the State of Qatar.
- (5) **GBT Holdco** will be the holding company of American Express' global business travel unit ("**GBT**"). The services provided by GBT include traditional business travel management services (e.g. online and offline reservation and booking services) as well as value-added services, including advisory and travel program optimisation, and meetings and events planning and/or coordination. GBT's products and services are sold under the American Express brand.

2. THE OPERATION

- (6) In the context of the Proposed Transaction, American Express will transfer GBT to GBT Holdco, a special purpose vehicle.⁶ GBT Holdco will then issue to Juweel new shares representing 50% of the voting interests in GBT Holdco in consideration for Juweel's agreement to make a financial contribution of approximately EUR 650 million. American Express will retain the remaining 50% of GBT Holdco's [...].
- (7) Following completion of the Proposed Transaction, GBT Holdco, American Express, and Juweel will enter into a shareholders agreement to govern the ownership and management of GBT Holdco (the "**Shareholders Agreement**"). Furthermore, BlackRock, Certares, Macquarie, Qatar Holding, and Texas Teachers will enter into an investors agreement which will govern the relationships between the Juweel shareholders (the "**Investors Agreement**").

3. THE CONCENTRATION

3.1. Joint Control

3.1.1. Control of GBT Holdco

- (8) Pursuant to the Shareholders Agreement, the board of directors of GBT Holdco will consist of [...] members (American Express: [...], Juweel: [...], BlackRock: [...]; independent board members jointly appointed by American Express and

² BlackRock Inc. is a US company active in the provision of global investment management, risk management and advisory services to institutional and retail clients around the world ("**BlackRock**").

³ Certares International Bank LLC is a USA based investment company ("**Certares**").

⁴ Macquarie Group Ltd. is a global provider of banking, financial, advisory, investment and funds management services ("**Macquarie**").

⁵ Teacher Retirement System of Texas operates a teacher retirement system of the State of Texas ("**Texas Teachers**").

⁶ American Express also operates a global leisure travel services business, which will not be contributed to GBT Holdco and will continue to be owned and operated by American Express post-transaction.

Juweel: [...]). The chairman will be jointly chosen by American Express and Juweel among the members of the board of directors.

- (9) The approval of any board resolution requires a quorum of at least [...] directors to be present, including at least [...]. The affirmative vote of a majority of the members of the board of directors constituting such a quorum is required to approve any matter. Strategic decisions, such as [...], require the approval of each of Juweel and American Express.
- (10) Therefore, both Juweel and American Express will have the power to exercise decisive influence on the commercial policy of GBT Holdco.

3.1.2. *Control of Juweel*

- (11) Juweel will be governed by [...] board members [...].
- (12) Pursuant to the terms of the Investors Agreement and considering Qatar Holding's [...] shareholding in Juweel and its ability to appoint [...] of Juweel's [...] board members, Qatar Holding will solely control Juweel.
- (13) The affirmative approval of [...] board members (excluding [...]) will be required to approve any matters at Juweel besides certain reserved matters pertaining to the appointment of GBT Holdco's senior management and budget.⁷ Qatar Holding will be able to unilaterally approve or veto any other matters relating to Juweel.
- (14) The approval of Juweel's annual budget requires the affirmative approval of a majority of the Juweel Board members.⁸ Qatar Holding will be the only Juweel shareholder that can unilaterally veto the approval of Juweel's annual budget.
- (15) Therefore, Qatar Holding will have sole control over Juweel.

3.1.3. *Overall conclusion on control*

- (16) Qatar Holding is the only Juweel shareholder who is able to unilaterally cause Juweel to veto the appointment of senior executives of GBT Holdco⁹ as well as the approval of GBT Holdco's annual budget where [...]¹⁰
- (17) Therefore, American Express and Qatar Holding will jointly control GBT Holdco for the purposes of the Merger Regulation.

3.2. **Full functionality**

- (18) The Parties submit that GBT Holdco is a pre-existing business which will continue to have its own management, generate its own revenue by sales on an open market and will own the assets necessary for providing and selling business travel man-

⁷ Clause 3.3.1(f) of the Investors Agreement.

⁸ Clause 3.3.3 of the Investors Agreement.

⁹ Clause 3.3.1(c) of the Investors Agreement.

¹⁰ Clause 3.3.1(a) of the Investors Agreement.

agement services. GBT Holdco will supply services primarily to businesses that are not affiliated with it.

- (19) [*The description of the joint venture agreement regarding the lasting basis of the transfer of the GBT business*].¹¹
- (20) Therefore the GBT JV will operate as a full-function joint venture performing on a lasting basis all the functions of an autonomous economic entity within the meaning of Article 3(4) of the Merger Regulation.

4. EU DIMENSION

- (21) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million¹² (American Express: EUR [...] million; Qatar Holding: EUR [...] million). Each of them has an EU-wide turnover in excess of EUR 250 million (American Express: EUR [...] million; Qatar Holding: EUR [...] million), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

5. MARKET DEFINITION

- (22) GBT is active in the provision of business travel agency services, which include the offering of stand-alone or package travel products and services provided by airlines, hotels, car rental companies, destination service providers, and other providers.
- (23) In its previous decisions, the Commission has defined a separate market for the distribution of travel services. The Commission has further subdivided this market on the basis of the customer-type, distinguishing between the distribution of business travel and leisure travel services travel services.¹³ Business travel agency services meet the needs of companies for business travel of management and employees in accordance with corporate travel budgets and plans. Leisure travel agencies provide services to individuals in connection with their non-business vacation and personal travel needs.
- (24) As regards further segmentations of the market for the distribution of travel services, the Commission has indicated that it cannot be excluded that the provision of travel agency services online may constitute a separate product market within the overall market of the distribution of travel agency services but ultimately left the product market definition open.¹⁴ The Parties submit that they do not consider appropriate to segment the market for business travel agency services between online travel agencies and traditional brick-and-mortar travel agencies.

¹¹ [*The description of the joint venture agreement regarding the lasting basis of the transfer of the GBT business*]; Clause 2.1.1 of the Shareholders Agreement.

¹² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p. 1).

¹³ Case M.6163 – *Axa/Permira/Opodo/Go Voyages/Edreams*, para. 18; Case M.2627 – *Otto Versand/Sabre/Travelocity JV*, para. 12; Case M.2197 – *Hilton/Accor/Forte/Travel Services JV*, para. 14.

¹⁴ Case M.6163 - *Axa/Permira/Opodo/Go Voyages/Edreams*, para. 23.

- (25) In past Commission decisions, the geographic market for the distribution of business travel services has been considered national in scope.¹⁵
- (26) For the purposes of this case, the exact market definition can be left open since the Proposed Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product and geographic market definitions.

6. COMPETITIVE ASSESSMENT

- (27) GBT, but not QH/QIA, offers business travel agency services. QH/QIA is active in the hotel accommodation and air passenger transport businesses which can be considered to be upstream of GBT's business travel agency activities. Therefore, the Proposed Transaction does not involve any horizontal overlap. However, it gives rise to vertical relationships between GBT's business travel agency services, on the one hand, and QH/QIA's activities in the hotel accommodation and air passenger transport businesses, on the other hand.¹⁶
- (28) In the overall business travel agency services market, GBT's estimated market share is below 30% at the EEA level and in the individual EU Member States in which GBT is directly active.¹⁷ Likewise, even if online travel agencies and traditional travel agencies were considered as part of separate relevant markets, GBT's share would be below 30% at the EEA level and in the individual EU Member States in which GBT is directly active.
- (29) QH/QIA's activities in the hotel accommodation market are limited and its share is estimated to be below 30% under any plausible alternative geographic and product market definition. Therefore, the vertical relationship between GBT's business travel agency services and QH/QIA hotel business does not give rise to any affected market.¹⁸
- (30) QH/QIA is also active in the air passenger transport business through Qatar Airways, a commercial airline based in Doha, Qatar, which is [...] owned by [...]. Qatar Airways is the only airline directly connecting Doha to a number of European destinations, including e.g. Berlin, Madrid, London, Paris, and Rome. The Parties estimate Qatar Airways' share on these direct routes to be [90-100]%.¹⁹ Qatar Airways is how-

¹⁵ Case M.4601 – *Karstadtquelle/Mytravel*, para. 38; Case M.4600 – *Tui/First Choice*, para. 51; Case M.4234 – *Carlson/One Equity Partners/Carlson Wagonlit*, para. 20; Case M.6163 – *Axa/Permira/Opodo/Go Voyages/Edreams*, para 29.

¹⁶ American Express, but not QH/QIA, is active in payment card issuing and merchant acquiring in Europe, therefore there is no horizontal overlap in this sector. Furthermore, American Express credit cards are used as a tool for paying and, in some instances, promoting hotels and airlines but do not constitute a significant input for QH/QIA's European businesses. In any event, American Express' share does not exceed 30% in payment card issuing and merchant acquiring, the sole exception being Croatia where American Express holds an estimated share of [30-40]%.

¹⁷ GBT licenses its trademark and know-how to independent third party licensees in various EU Member States. GBT estimates the share of its licensees to be below [5-10]%.

¹⁸ On 5 June 2014, the Commission approved the acquisition of joint control over five hotels located in Amsterdam, Rome, Frankfurt, Cannes, and Madrid, by Katara Hospitality and InterContinental Hotels Group (Case M.7245).

¹⁹ Qatar Airways is the only airline offering direct connections between Doha and the following European Destinations: Madrid, Barcelona, Rome, Venice, Milan, Paris, Nice, Brussels, Vienna, Budapest,

ever a small player in the overall European air transport sector and represents only [0-5]% of total airline transactions in Europe.

- (31) Qatar Airways and GBT's relative importance in their respective businesses is not such as to create an incentive for them to engage in customer or input foreclosure. Furthermore, considering GBT's share of less than 30% in all EU Member States and Qatar Airways' small presence in the overall European air transport sector, any foreclosure strategy would not have a material effect on Qatar Airways and GBT's respective competitors.
- (32) Based on the foregoing, it can be concluded that the Proposed Transaction does not raise any serious doubts as to its compatibility with the internal market.

7. CONCLUSION

- (33) 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

Bucharest, Berlin, Warsaw, Copenhagen, Stockholm, London, Manchester, Edinburgh, Athens, Larnaca, Luxembourg, Munich, and Zagreb. On the Frankfurt–Doha route, Qatar Airways holds a share of approximately [60-70]%.