

*Case No IV/M.797 -  
GrantRail Limited*

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 22/08/1996

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.08.1996

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject : Case No IV/M.797 - GrantRail Limited

Notification of **24.07.1996** pursuant to Article 4 of Council Regulation No 4064/89

1. On 24 July 1996 the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No. 4064/89 by which the undertakings British Steel plc ("British Steel") and Volker Stevin (UK) Limited, which is controlled by Koninklijke Volker Stevin n.v. ("Volker Stevin"), acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of GrantRail Limited by way of the 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 the Council Regulation and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

**I. THE PARTIES' ACTIVITIES AND THE OPERATION**

3. The business activities of the undertakings concerned are :

- for British Steel: the production and distribution of steel products;
- for Volker Stevin: civil engineering, road, railway and pipeline construction.

4. The joint venture will be jointly controlled by British Steel and Volker Stevin. After completion of the concentration both British Steel and Volker Stevin will each hold 50% of the shares in the joint venture. Furthermore, the joint venture will perform, on a lasting basis, all the functions of an autonomous economic entity and its creation will not give rise to coordination of competitive behaviour of the parties amongst themselves or between them and the joint venture.

## **II. COMMUNITY DIMENSION**

5. Both British Steel and Volker Stevin have a combined aggregate worldwide turnover in excess of ECU 5,000 million (British Steel, ECU 9,717 million and Volker Stevin, ECU 1,265 million). Each of them has a Community-wide turnover in excess of ECU 250 million (British Steel, ECU 7,612 million and Volker Stevin, ECU 1,190 million), but they do not achieve more than two-thirds of their aggregate Community 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.

## **III. COMPATIBILITY WITH THE COMMON MARKET**

### **Relevant product market**

6. British Steel and Volker Stevin through their respective, wholly owned subsidiaries, Grant Lyon Eagre Limited and Railbouw (UK) Limited, are to transfer to GrantRail Limited, all these subsidiaries' relevant assets relating to the construction, renewal and maintenance of railway infrastructure. Furthermore the notifying parties state that there is a relevant product market for the construction, renewal and maintenance of railway infrastructure. However, it is not necessary to conclude on the definition of the relevant product market because, in all alternative markets considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

### **Relevant geographic market**

7. The relevant geographic market appears to be at national as, until recently, the procurement policies of the Member States' railway companies were conducted on such a basis. However, due to the implementation of EC public procurement directives the market is expected, in the future, to become European Union-wide. However, it is not necessary to further identify the relevant geographic market because, in all alternative markets considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

### **Assessment**

8. Horizontal aspects  
In the UK the estimated market share of GrantRail Limited will be less than [...]<sup>(1)</sup>; the company's EEA market share is considered to be less than [...]<sup>(2)</sup>.

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<sup>(1)</sup> Deleted for publication: below 10%

<sup>(2)</sup> Deleted for publication: insignificant

9. Vertical aspects

It is anticipated that GrantRail Limited will, with respect to at least some of its steel rail requirements, be supplied by British Steel. Given that steel rails are traded throughout the Community and that British Steel's share of this market is estimated to be some [...] <sup>(3)</sup>, the vertical link between British Steel and GrantRail Limited is not considered to give rise to any foreclosure in this market.

10. In view of the market share of the notifying parties, it appears that the notified operation will have a *de minimis* impact on competition in the European Union and, consequently, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

**IV. 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 functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89.

For the Commission,

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<sup>(3)</sup> Deleted for publication : 11-20%