



EUROPEAN COMMISSION  
DG Competition

***Case M.8309 - VOLVO  
CAR CORPORATION /  
FIRST RENT A CAR***

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: 26/07/2017

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Brussels, 26.7.2017  
C(2017) 5387 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying party:

**Subject: Case M.8309 - VOLVO CAR CORPORATION / FIRST RENT A CAR**  
**Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup> and Article 57 of the Agreement on the European Economic Area<sup>2</sup>**

Dear Sir or Madam,

- (1) On 20 June 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by Volvo Car Corporation ("Volvo Cars", Sweden) ultimately controlled by Zhejiang Geely Holding Group Co., Ltd. ("Geely Group", China) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of First Rent A Car AB ("FRAC", Sweden), by way of purchase of shares (the "Transaction"). Volvo Cars and FRAC are collectively referred to as "Parties".

## **1. THE PARTIES**

- (2) **Volvo Cars** is active in the design, development, manufacturing, marketing, wholesale and retail sale of passenger cars and parts and, through the jointly controlled Volvofinans<sup>3</sup>, in the provision of automotive financial services, fleet management services, credit card services and dealer financing.

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<sup>1</sup> 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.

<sup>2</sup> OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

<sup>3</sup> Volvofinans is co-controlled by Volvo Cars on the one hand and AB Volverkinvest (composed of the Swedish Volvo Cars dealerships) on the other hand.

- (3) **FRAC** is active in short term car rental activities and car sharing activities in Sweden, Norway and Denmark, fleet management services in Sweden and retail distribution of passenger cars in Sweden.

## **2. THE OPERATION**

- (4) Pre-Transaction, Volvo Cars already owns 45% of FRAC, with Alfagus AB owning the remaining 55%; pre-Transaction Volvo Cars does not have any veto right on any strategic commercial decision of FRAC, neither statutory nor based on a Call Option Agreement between Volvo Cars and Alfagus whereby Volvo Cars can purchase all the remaining shares of FRAC from Alfagus following a 6 month notice period and without material deviation from a customary business valuation.<sup>4</sup>
- (5) The Transaction is the result of Volvo Cars triggering the above-mentioned call option on the remaining shares of FRAC and thereby increasing its shareholding in FRAC to 100% and gaining sole control over it.
- (6) Consequently, the Transaction results in the acquisition of sole control within the meaning of Article 3(1)(b) of the EUMR by Volvo Cars over FRAC.

## **3. EU DIMENSION**

- (7) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million<sup>5</sup> (Volvo Cars<sup>6</sup>: EUR 28 292 million, FRAC EUR [...] million). Each of them has an EU-wide turnover in excess of EUR 250 million (Volvo Cars<sup>7</sup>: EUR [...] million, FRAC EUR [...] million), and while FRAC achieves more than two-thirds of their aggregate EU-wide turnover in Sweden, this is not the case for Volvo.
- (8) The notified operation therefore has an EU dimension pursuant Article 1(2) of the EUMR.

## **4. MARKET DEFINITION**

- (9) FRAC is active in the markets for (i) retail distribution of passenger cars in Sweden, (ii) full fleet management services in Sweden and (iii) car rental, including car sharing in Sweden, Norway and Denmark;

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<sup>4</sup> The existence of that call option does not confer any control to Volvo Cars since, according to the Consolidated Jurisdictional Notice, paragraph 60, a call option would only confer sole control in exceptional circumstances such as, for instance, when a call option can be exercised in a matter of hours, enabling the owner of the call option to overrule any board decision taken against its interests within a matter of days. Such exceptional circumstances are not present in the case at hand.

<sup>5</sup> Turnover calculated in accordance with Article 5 of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C 95, 16.4.2008, p. 1).

<sup>6</sup> Including the Geely group turnover.

<sup>7</sup> Including the Geely group turnover.

- (10) Volvo Cars is active (i) in the wholesale distribution of passenger cars in several countries among which Sweden, Norway and Denmark and also (ii) in full fleet management services via its co-controlled subsidiary Volvofinans in Sweden.
- (11) The Parties' activities mainly overlap in full fleet management services in Sweden; the Transaction also leads to one vertically affected market in Norway due to FRAC's activities in the downstream market for the provision of short term car rental and car sharing services and the wholesale distribution of passenger cars by Volvo Cars upstream.

#### **4.1. Manufacture, supply and distribution of passenger cars**

##### *4.1.1. Product market definition*

- (12) In prior decisions, the Commission distinguished between (i) the manufacture and supply of passenger cars and (ii) the distribution of passenger cars<sup>8</sup> considering both markets as possible upstream markets for activities such as full fleet management, car rental, car leasing, etc.<sup>9</sup>
- (13) The Commission also considered that the market for the manufacture and supply of vehicles may be subdivided into the market for the manufacture and supply of (i) new passenger cars, (ii) new light commercial vehicles ("LCVs")<sup>10</sup> and (iii) new industrial vehicles (often sub-segmented into medium truck and heavy trucks).<sup>11</sup>
- (14) In its previous decisions, the Commission has also considered, whilst ultimately leaving the question open, whether all new passenger cars form part of the same relevant product market or if a further segmentation should be considered based on certain categories of car.<sup>12</sup>

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<sup>8</sup> M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraphs 18-25.

<sup>9</sup> M.6333 - *BMW / ING car lease*, paragraph 24; M.5568 - *Volkswagen / Fleet Investments / LeasePlan Corporation JV*, paragraph 30; M.4420 - *Crédit agricole / Fiat auto / FAFS*, paragraph 35; M.3090 - *Volkswagen / Offset / Crescent / LeasePlan / JV*, paragraph 14; M.1810 - *VW / Europcar*, paragraph 17.

<sup>10</sup> M.6436 - *Volkswagen Financial Services / D'Ieteren / Volkswagen D'Ieteren Finance JV*, paragraph 33; M.5219 - *VWAG / OFH / VWG*, paragraph 12 and M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraph 18.

<sup>11</sup> M.4420 - *Credit Agricole Fiat Auto / FAFS*, paragraph 20; M.3352 - *Volkswagen / Hahn & Lang* ; M.2832 - *General Motors / Daewoo Motors*, paragraphs 13-14.

<sup>12</sup> See case M.5518 - *Fiat/Chrysler*, paragraph 12; M.5250 *Porsche/Volkswagen*, paragraph 18; and M.3090 - *Volkswagen/Offset/Crescent/LeasePlan/JV*, paragraph 14. According to these previous decisions the relevant product market regarding the manufacture and supply of new cars could be (a) all new cars; but (b) could also be segmented into the following product markets: (i) mini cars; (ii) small cars; (iii) medium cars; (iv) large cars; (v) executive cars; (vi) luxury cars; (vii) sports cars; (viii) multi-purpose cars; and (ix) sport utility vehicles (including off-road vehicles).

- (15) As regards the distribution of motor vehicles, the Commission has in previous decisions distinguished between the wholesale and retail distribution of motor vehicles.<sup>13</sup>
- (16) The Parties submit that the relevant market in this Transaction is the wholesale distribution of passenger cars, because there is no vertical link between the manufacturing of cars and the activities of FRAC. Volvo Cars does not sell directly from the factory but the entirety of its passenger car sales are channelled via its wholesale distribution network.
- (17) The Commission has also distinguished in previous decisions between the wholesale distribution of passenger cars, on the one hand, and the wholesale distribution of light commercial vehicles, on the other hand.<sup>14</sup> A further segmentation of the distribution channels by narrower product segments (e.g. mini cars, small cars, medium cars, etc.) was not held to be appropriate by the Commission given that “manufacturers normally distribute a model range which covers different market segments under the same distribution channel”.<sup>15</sup>
- (18) However, for the purpose of the present case the precise product market definitions for the manufacture, supply and distribution of passenger cars market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market under any of these plausible market definitions.

#### 4.1.2. *Geographic market definition*

- (19) In its previous decisions, the Commission considered the market for manufacture and supply of passenger cars as EEA-wide or national.<sup>16</sup>
- (20) The Parties submit that the market for the manufacture and supply of passenger cars is at least EEA-wide.
- (21) For the purpose of the present case the precise definitions of the geographic scope for the retail distribution of passenger cars market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market, whether national or EEA-wide in scope.

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<sup>13</sup> M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraph 22; M.2832 - *General Motors / Daewoo Motors*, paragraph 17; M.182 - *Inchape / IEP*; M.7747 - *PGA / MSA*, paragraph 11; M.5219 - *VWAG / OFH / VWGI*, paragraph 10.

<sup>14</sup> M.2832 - *General Motors / Daewoo Motors*, paragraph 20; M.5219 - *VWAG / OFH / VWGI*, paragraph 12; M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraph 22; M.3888 - *Ford Motor Company LTD / Polar Motor Group LTD*, paragraphs 7 and 13.

<sup>15</sup> M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraph 22; M.182 - *Inchape / IEP*, paragraph 9; M.2832 - *General Motors / Daewoo Motors*.

<sup>16</sup> M.6333 - *BMWING Car Lease*, paragraph 28; M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraph 19.

## 4.2. Retail distribution of passenger cars

### 4.2.1. Product market definition

- (22) The Commission has considered, whilst ultimately leaving the question open, a possible segmentation between the retail distribution of passenger cars, on the one hand, and LCVs on the other hand. The Commission considered not necessary a further segmentation of the market for the (retail) distribution of passenger cars by car type (e.g. mini cars, small or medium cars, etc.) because vehicle manufacturers usually distribute different car types under the same distribution channel.<sup>17</sup>
- (23) The Parties do not object to the Commission previous decisional practice.

### 4.2.2. Geographic market definition

- (24) In prior decisions, the Commission has left open the question on whether the market for retail distribution of new passenger cars and LCVs is regional, national or EU-wide in scope.<sup>18</sup>
- (25) The Parties propose to analyse the Transaction on a regional basis, this being the narrower plausible market considered by the Commission in its past decisions.
- (26) Also in the present case the precise definitions of the geographic scope for the retail distribution of passenger cars market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market, whether regional, national or EEA-wide in scope.

## 4.3. Financial and operational leasing

### 4.3.1. Product market definition

- (27) There are two basic types of automotive financing: Operational and financial leasing. The primary objective of financial leasing is the acquisition of the car, whereas in the case of operational leasing it is the use of the car. Financial leases function as a loan by the lessor to enable the lessee to purchase a given asset, in this case a car.<sup>19</sup> In essence, the lessee has the obligation to pay all the lease instalments to meet the financing costs of the car, and bears also the operational and residual value risk.
- (28) With operational leasing, the economic and legal ownership of the car remains with the lessor. Hence, it is the lessor who has to bear all the risks attached to the property (e.g. maintenance, changes to the value of the car and its disposal at the end of the contract).<sup>20</sup>

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<sup>17</sup> M.7747 - *PGA / MSA*, paragraph 11; M.2832 - *General Motors / Daewoo Motors*.

<sup>18</sup> M.7747 - *PGA / MSA*, paragraph 16; M.3352 - *VW / Hahn + Lang*, paragraph 15; M. 3388 - *Ford Motor Company / Polar Motor Group*, paragraph 10; M.5347 - *Mapfre / Salvador / Caetano / JV'S*, paragraph 11; M.6403 - *Volkswagen / KPI Polska / Skoda auto Polska / VW bank Polska / VW leasing Polska*, paragraph 28; M.5709 - *Volkswagen / Mahag*, paragraph 20.

<sup>19</sup> See case M.6436 - *VWFS/D'Ieteren/Volkswagen D'Ieteren Finance JV*, paragraph 25.

<sup>20</sup> See case M.6333 - *BMWING Car Lease*, paragraph 14.

- (29) The Parties submit that these notions do not necessarily correspond to the qualifications under national law and that accounting and tax treatment may influence the choice for financial or operational lease, which therefore might be part of the same relevant product market.
- (30) However, for the purpose of the present case the precise product market definitions for the financial and operational leasing market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

#### 4.3.2. *Geographic market definition*

- (31) The Commission ultimately left open whether the geographic scope of the market for financial and operational leasing is EEA-wide or national.<sup>21</sup>
- (32) The Parties submit that the geographic scope for that market is rather national in light of different consumer practice and preferences, language barriers and difficulties in cross-border transaction.<sup>22</sup>
- (33) For the purpose of the present case the precise definition of the geographic scope for the financial and operational leasing market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market whether national or EEA-wide in scope.

### 4.4. **Full fleet leasing and management services**

#### 4.4.1. *Product market definition*

- (34) In prior decisions,<sup>23</sup> the Commission considered, whilst ultimately leaving the question open, a separate market for full fleet leasing and management services, which consist in a combination of operational leasing and related fleet management services. Fleet management comprises a variety of management services like advisory services in relation to fleet structure and the choice of vehicles, services regarding the acquisition of the vehicle, services during the lifetime of the vehicle like administration, registration, maintenance, tyres, fuel and oil etc. thus enabling the client company to monitor the fleet and help control costs by identifying issues at an early stage.<sup>24</sup>
- (35) The Commission ultimately left open whether this product market can be subdivided further:<sup>25</sup>

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<sup>21</sup> See case M.6436 - *Volkswagen Financial Services / D'ijeteren / Volkswagen D'ijeteren Finance JV* (operating leasing: paragraphs 17-18; financial leasing: paragraph 27).

<sup>22</sup> *Volkswagen Financial Services / D'ijeteren / Volkswagen D'ijeteren Finance JV* (COMP/M.6436), para 17.

<sup>23</sup> See, e.g. M.6333 – *BMW/ING Car Lease*, paragraphs 9-13 and M.5568 – *Volkswagen/Fleet Investment/LeasePlan Corporation JV*, paragraphs 15-16.

<sup>24</sup> See case M.6333 - *BMW/ING Car Lease*, paragraph 9.

<sup>25</sup> See case M.6333 - *BMW/ING Car Lease*, paragraph 11 et ff.

- (a) into funded fleet leasing (operational fleet leasing including where offered fleet management) and unfunded fleet leasing (fleet management services provided on a standalone basis);
  - (b) into fleet leasing and management for vehicles of up to 3.5 tons (passenger cars and light commercial vehicles) and of more than 3.5 tons (trucks and buses) because of differences in the regulation, maintenance and customers type;
  - (c) by type (e.g. small, medium, large, executive, sport) or brand of cars, although leasing companies typically offer a range of types and brands with identical services since most customers wish and order various types and brands. However, as already pointed out in past cases by the Commission and also confirmed in this case, this segmentation does not seem relevant for the market of full fleet management services, since customers request a diversified fleet.<sup>26</sup>
- (36) The Parties submit that funded and unfunded leasing are part of the same relevant product market since ultimately they have the same main function that is outsourcing the vehicle fleet and its management to a leasing company, whether backed by a financing component or not; furthermore, the Parties put forward that a segmentation by car type is not relevant, as already highlighted in previous Commission decisions.
- (37) However, for the purpose of the present case the precise product market definitions for the full fleet leasing and management services market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market under any of these plausible market definitions.

#### 4.4.2. *Geographic market definition*

- (38) In past decisions the Commission ultimately left open whether the geographic scope of the market for full fleet leasing and management services, is EEA-wide or national.<sup>27</sup>
- (39) The Parties submit that the geographic scope for that market is rather national in light of different tax and duty regimes, national differences in road conditions, preferences of customers and differences in market sizes and maturity.
- (40) For the purpose of the present case the precise definition of the geographic scope for the full fleet leasing and management services market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market whether national or EEA-wide in scope.

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<sup>26</sup> See case M.6333 - *BMW/ING Car Lease*, paragraph 12 "*The market investigation also provided indications that there should not be any segmentation by type or brand of cars, as leasing companies offer a range of types and brands with identical services while most customers wish and order various types and brands*" and non-confidential minutes of a call conference with a competitor dated 4 July 2017.

<sup>27</sup> See case M.6436 - *Volkswagen Financial Services / D'ieteren / Volkswagen D'ieteren Finance JV* (operating leasing: paragraphs 17-18; financial leasing: paragraph 27).



## 4.5. Short term car rental and car sharing services

### 4.5.1. Product market definition

- (41) In previous decisions, the Commission has defined "short term car rental" as the provision of cars for an individually agreed duration. Whereas in some cases the Commission has distinguished separate markets for corporate short term rental and leisure car rental, in others it has left this open.<sup>28</sup> However, since there is no overlap in potential segments for leisure or for corporate rental, such segmentation does not have to be further considered in this case.
- (42) Similarly the Commission left open whether car sharing forms part of the short term car rental market.<sup>29</sup>
- (43) The Parties consider car sharing as part of short term car rental. According to the Parties, this is evidenced by the fact that car rental and car sharing services save the same customer needs on the basis of slightly diverging business models. Moreover, In Sweden, car sharing vehicles are registered as vehicles for car rental.
- (44) However, for the purpose of the present case the precise product market definitions for the short term car rental market can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market.

### 4.5.2. Geographic market definition

- (45) With regard to the geographic scope of the market for short term car rental and car sharing services, the Commission in previous decisions considered it to be national.<sup>30</sup> The Parties also consider a delineation along national markets appropriate.

## 5. COMPETITIVE ASSESSMENT

- (46) The Transaction gives rise to horizontal overlaps in full fleet management services in Sweden and to a *de minimis* overlap in retail distribution of passenger cars in Sweden. Volvo Cars sold at retail level [...] vehicles in a pilot project in the area of Stockholm while FRAC has a market share of [0-5]% on a national level and [0-5]% in the Stockholm area. This horizontal overlap does not lead to any affected market and will not be assessed any further in this Decision.
- (47) Furthermore, the Transaction would lead to vertical links between:
- (a) the wholesale distribution of passenger cars in Sweden where Volvo Cars is active upstream and retail distribution of passenger cars in Sweden downstream where FRAC is active.

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<sup>28</sup> See case M.6333 - *BMW/ING Car Lease*, paragraph 17.

<sup>29</sup> See case M.6333 - *BMW/ING Car Lease*, paragraph 18.

<sup>30</sup> See case M.5568 - *Volkswagen/Fleet Investments/LeasePlan Corporation JV*, paragraph 20 and M.3090 - *Volkswagen/Offset/Crescent/LeasePlan/JV*, paragraph 12.

- (b) the wholesale distribution of passenger cars in Denmark, Norway and Sweden where Volvo Cars is active upstream and the downstream car rental activities of FRAC in these countries.
  - (c) the financial leasing activities of Volvo Cars (through Volvofinans) in Sweden upstream and stand-alone full fleet management services in Sweden where FRAC is active, especially since the full fleet management services can be provided in conjunction with a (financial) leasing offered by a third party such as Volvofinans or its competitors.
- (48) Out of all those overlaps and vertical links, the Transaction gives rise to only two affected markets:
- (a) the horizontally affected market for full fleet management in Sweden
  - (b) the vertically affected market between the wholesale distribution of passenger cars in Norway where Volvo Cars is active upstream and car rental activities in Norway downstream where FRAC is active.

### **5.1. Horizontal overlaps - Full fleet leasing and management services in Sweden**

- (49) The Transaction would give rise to a horizontally affected market only in Sweden, notably in the narrower market for full fleet management services for vehicles up to 3.5 t, where Volvo Cars has a market share slightly in excess of 20% through its subsidiary Volvofinans which operates under the brand "Svensk Vagnparksfinans". Volvofinans [...].
- (50) FRAC is present in that market with its wholly-owned subsidiaries Biltween AB, Bilreda AB and Reda Bil AB, all under the brand name "Bilreda". However FRAC only provides stand-alone fleet management services and the financing component is provided for by third party banks. To this regard FRAC has cooperation agreements with certain banks like SEB, Nordea and Danske Bank which refer their customers interested in full fleet management services to FRAC.
- (51) In 2016, Volvo Cars had a market share of [20-30]% and FRAC of [5-10]%, amounting to a combined market share of [20-30]%. The main competitors were Autoplan ([20-30]%), Leaseplan ([10-20]%), ALD/NF ([10-20]%) and Autolease ([5-10]%).<sup>31</sup>
- (52) When considering the plausible narrower markets for each car segment, the Parties' combined market share reaches at most [30-40]% in the segment for full fleet management for Sports Utility Vehicles with an increment of [5-10]%. As mentioned in paragraph 35(c), this segmentation does not seem relevant for the market of full fleet leasing and management services.<sup>32</sup>

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<sup>31</sup> Market shares are in volume (number of vehicles).

<sup>32</sup> This market share in the potential full fleet leasing and management services segment for SUVs technically gives rise to a vertically affected market with the upstream activities of Volvo Cars in wholesale distribution of passenger cars in Sweden, where Volvo Cars has a market share of 16.7%. Given the relatively low market share of Volvo Cars upstream and the need to offer a whole range of vehicles in the downstream market, as already mentioned in the market definition section, paragraph 35(c) of this decision, any foreclosure strategies seem unlikely. More specifically, input foreclosure does not seem likely because of the limited market share of Volvo Cars upstream and customer

- (53) The combined market shares would be rather modest. Furthermore, the Parties seem to be not the closest competitors given that Volvo Cars offers full fleet management services only with a financial component provided by Volvofinans and only for fleets which [...], while FRAC offers its fleet management services independently from the financial component and it is also agnostic as to the composition of the fleet.
- (54) Moreover, contacts with market participants highlighted that the Transaction does not have a material impact on the market because a sufficient number of credible competitors will remain post Transaction.<sup>33</sup> In addition, the Parties submit that there is no brand loyalty, switching is easy for customers and lastly, barriers to entry are low in the market.
- (55) For all these reasons, the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for full fleet management services in Sweden or any plausible sub-segment thereof.

## **5.2. Vertical links – Wholesale distribution of passenger cars and short term car rental and in Norway**

- (56) The Transaction would give rise to one vertically affected market, namely between the wholesale distribution of passenger cars in Norway by Volvo Cars upstream and the provision of short term car rental and car sharing services for vehicles up to 3.5 t in Norway by FRAC under the Hertz brand downstream. This link is affected by virtue of the market share of FRAC being above 30% in the downstream market.
- (57) In the upstream market for wholesale distribution of passenger cars in Norway, Volvo Cars has a market share of [5-10]% in 2016. In line with Commission precedents, no further segmentation is considered for the market for wholesale distribution of passenger cars.
- (58) In the downstream market for short term car rental (including car sharing), FRAC has a market share of [30-40]% and its main competitors include AVIS/Budget ([30-40]%), Sixt ([10-20]%) and Europcar ([10-20]%) in 2016.<sup>34</sup>
- (59) When considering the plausible narrower market for car sharing in Norway, FRAC reaches a market share of [10-20]%. Competitors include, among others, Bilkollektivet with a market share of [40-50]%, Bildeleringen with [20-30]% and Move About with [5-10]% in 2015.<sup>35</sup>

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foreclosures does not seem likely since only those third party banks which now rely of FRAC for their full fleet management offer could be affected. However, FRAC represents less than 7% of the overall market and a number of independent competitors will remain in the market as alternative suppliers to the those banks in need of a full fleet management service partner.

<sup>33</sup> See in particular non-confidential minutes of a call conference with a competitor dated 4 July 2017.

<sup>34</sup> Market shares are in volume (number of vehicles). When considering a narrower plausible market for short term car rental only, the picture remains very similar to the overall market for short term car rental and car sharing.

<sup>35</sup> The Parties put forward that no reliable data for 2016 were available but, nonetheless, the market share for 2015 are representative of the situation in 2016.

- (60) The low market share of Volvo Cars upstream and the fact that car rental companies need to have fleets composed of different brands, renders any potential input foreclosure strategies by the Parties unlikely.
- (61) Similarly, the fact that car rental is only a modest customer segment for OEM manufacturers of vehicles such as Volvo Cars and its competitors, together with the relatively low market share of FRAC in the downstream market, renders any potential customer foreclosure strategies by the Parties unlikely.
- (62) Moreover, there is an increasing demand for low cost rental vehicles and the expectations of customers are that FRAC (as any car rental supplier) would provide a portfolio of brands and segments. In this framework, it would run counter to the market trend to populate FRAC's fleet only with Volvo vehicles; on the contrary, FRAC to remain competitive in the market need to populate its fleet with several brand in each segment and have a relatively larger availability of low cost vehicles, which are not supplied by Volvo Cars.
- (63) In conclusion, the Transaction does not raise serious doubts as to its compatibility with the internal market in the vertically related markets for short term car rental and wholesale distribution of passenger cars.

## **6. CONCLUSION**

- (64) 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 and Article 57 of the EEA Agreement.

*For the Commission*

*(Signed)*

*Phil HOGAN*

*Member of the Commission*