

*Case No IV/M.906 -
MANNESMANN /
VALLOUREC*

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

Article 6(1)(b) NON-OPPOSITION
Date: 003/06/1997

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.06.1997

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

Subject: Case No IV/M.906 - Mannesmann / Vallourec

Notification of 25.04.1997 pursuant to Article 4 of Council Regulation N° 4064/89

1. On 25 April 1997 Mannesmannröhren-Werke AG, Mulheim an der Ruhr ("MRW"), notified its proposed acquisition of a 21% of the shares of Vallourec S.A., Boulogne Billancourt ("Vallourec"), from Usinor Sacilor S.A., Puteaux, and the intention of MRW and Vallourec to transfer all their world-wide activities in the field of production and sale of hot finished seamless carbon and alloy steel tubes to a newly created joint venture.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation (EEC) No 4064/89 ("Merger Regulation")¹ and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement. The proposed operation also falls under Article 66 of the Treaty establishing the European Coal and Steel Community, however, the present decision deals only with that part of the operation falling under Council Regulation (EEC) No 4064/89.
3. In order to ensure the full effectiveness of any decision taken later pursuant to Article 8(3) or (4), on 16 May 1997 the Commission decided pursuant to Articles 7(2) and 18(2) of Council Regulation (EEC) No 4064/89, to continue the suspension of the concentration in question until a final decision is adopted.

¹ OJ No L 395, 30.12.1989, corrected version: OJ L 257, 21.09.1990, p. 13.

I. THE PARTIES

4. MRW is a German company which is 79% owned and controlled by Mannesmann AG. The remaining 21% of its share capital are held by Thyssen AG. MRW is the holding company for all steel tube production activities of Mannesmann. MRW is active in the production of pipes and tubes as well as production of steel and production of pre-material for pipes and tubes, processing and finishing of steel and other materials. The tubes distribution and trading activities of the Mannesmann group are carried out by Mannesmann Handel GmbH (MH), a 100% subsidiary of MRW. MRW had a total world-wide turnover of ECU 866 million. in 1995. The Mannesmann group of companies had a total world-wide turnover of ECU 18,163 million in 1996, thereof ECU 12,187 million (67.1%) were generated within the Community. Mannesmann did not generate more than two-thirds of its aggregate Community-wide turnover in one of the Member States.
5. In the field of production of tubes and tubular products MRW at present owns 100% of Mannesmannrohr GmbH, 100% of Mannesmannröhren-Werke Sachsen GmbH, 76% of Mannesmann SA in Brazil, 60% of Mannesmann Sümerbank Boru Endüstriji TAS in Turkey, 50% of Europipe GmbH, 99.5% of Wälzlagerrohr GmbH, 100% of Mannesmannring Sachsen GmbH, 100% of Mannesmann Stahlflaschen GmbH, 50% of MHP Mannesmann Hoesch Präzisrohr GmbH², 50% of Röhrenwerk Gebr. Fuchs GmbH³, 49% of International Drill Pipe Assembly SA⁴ in France, 33.33% of DMV Stainless BV⁵ in The Netherlands and [indirectly through Europipe GmbH] 37.4% of Eupec Rohrbeschichtung GmbH. In addition MRW holds a 11% interest in NMH Stahlwerke GmbH which holds 85% of the shares in Rohrwerk Neue Maxhütte GmbH.
6. Vallourec is a French company the shares of which are quoted on the Paris Stock Exchange. Prior to the completion of the notified operation, Usinor Sacilor is the largest shareholder in Vallourec with a 27.63% interest. Vallourec's activities consist of the manufacture and processing of pipes, tubes and related products through its Valtubes subsidiary and the manufacture and processing of other steel materials through its Sopretac subsidiary. The Vallourec group of companies had a total world-wide turnover of ECU 1,186 million in 1996, thereof ECU 866 million (73%) were generated within the Community. Vallourec did not generate more than two-thirds of its aggregate Community-wide turnover in one of the Member States.
7. In the field of production of tubes and tubular products Vallourec at present owns 100% each of Valtubes and Sopretac. The most important subsidiaries of Valtubes are Vallourec Industries (100%), Valti (100%), Vallourec Précision Étirage (100%), Vallourec Précision Soudage (100%), Valinox Welded (95%), DMV Stainless BV of The

² MHP is a joint venture of MRW and Krupp-Hoesch Stahl AG in the field of production and sales of precision tubes. The Commission has approved the acquisition by MRW of the 50% of MHP now held by Krupp-Hoesch Stahl holds in MHP but this transaction has not been completed. See Commission decision Case IV/M.222 - Mannesmann/Hoesch, 12.11.1992, and Case IV/M.886 - MRW/MHP, 22.04.1997.

³ Röhrenwerk Gebr. Fuchs is a joint venture of MRW and Krupp-Hoesch Stahl AG in the field of production and sales of non-precision tubes. See Commission decision Case IV/M.222 - Mannesmann/Hoesch, 12.11.1992.

⁴ IDPA is a joint venture of MRW and Vallourec for cold finishing drill-pipes.

⁵ DMV Stainless BV is a joint venture of MRW, Vallourec and Dalmine of Italy in the field of production and sales of stainless pipes and tubes. See Commission Decision Case No IV/M.315, 22.02.1994.

Netherlands (33.33%), Vallourec Oil & Gas (100%), International Drill Pipe Assembly SA (51%), Tubular Industries Scotland Ltd. (100%) and Valmont (100%). In addition Vallourec holds a 10.01% interest in the French tubes distributor Trouvay Cauvin and a 12.34% interest in Pouchard, a French distributor and manufacturer of precision tubes.

II. THE OPERATION

8. On 3 February 1997 MRW and Usinor Sacilor signed a call option contract by which MRW undertakes to acquire 1,726,739 shares (21%) and 213,751 *Obligations Remboursables en Actions* of Vallourec from Usinor Sacilor and its wholly owned subsidiaries. MRW's undertakings are subject to the signature of the Strategic Agreement between MRW and Vallourec.
9. Also on 3 February 1997 Usinor Sacilor and MRW signed an agreement whereby [...].
10. On 19 March 1997 MRW and Vallourec signed a contract ("Strategic Agreement") by which they establish and incorporate a joint venture under French law to which both parent companies will transfer their seamless tubes activities. 55% of the shares of the newly created venture will be held by Vallourec with the remaining 45% of the shares held by MRW.

III. CONCENTRATION

11. Under Vallourec's Articles of Association, shareholders who hold their shares nominally, that is registered in their own names rather than in bearer form are entitled to double voting rights four years after registration. Usinor which holds at present [...] shares has as a result of this provision, [...] votes. There are only a further [...] shares (<0.5%) held in nominal form and not all of these have been held for the qualifying four years. In total there are [...] votes of which Usinor Sacilor accounts for 43.21%. Usinor is by far the largest shareholder (the next largest holds 5.34%) and has had a very large majority, over 80%, of votes cast at general meetings in the last three years.
12. The main business of general meetings of Vallourec is to appoint, replace or dismiss members of the *Conseil de Surveillance* and to approve or reject the annual accounts. In turn the *Conseil de Surveillance* appoints the *Directoire* which manages the company with the *Comité Exécutif*. Usinor Sacilor has therefore exercised sole control over Vallourec.
13. After the completion of the proposed transaction MRW will hold [...] and Usinor Sacilor [...] shares in Vallourec. Usinor Sacilor will convert its 6.64% of Vallourec shares to bearer shares thereby reducing their voting value. MRW will then hold approximately 21% of the issued share capital and of the voting rights in Vallourec. It will be by far the largest shareholder.
14. The remaining share holdings are widely dispersed with only three financial institutions having more than 3% of the shares, [...] No voting pool involving more than 5% of Vallourec's shares has been notified to the Paris Stock Exchange.

⁶ Information deleted for publication (hereinafter indicated by [...]).

15. On the basis of the voting patterns at the general meetings of Vallourec for the last three years, [...]. The projections show that MRW would have more than 55% of votes cast or represented.
16. [...].
17. As there are only a very small number of shares held in nominal form, the situation will not change significantly as a result of the doubling of the voting rights of these shares after the completion of the qualifying period. MRW will register its shares in its own name so that after four years they will acquire double voting rights. [...].
18. Nor will the situation be changed by the conversion of the *Obligations Remboursables en actions* (ORA) 2 January 1998. The respective holdings of MRW, Usinor Sacilor and the general public are the same as for the shares so that the conversion will not affect the relative positions of the various shareholders.
19. The joint venture uniting the seamless tube activities of MRW and Vallourec will account for approximately 50% of Vallourec's total turnover. Option arrangements between the parties will allow MRW to obtain control of the joint venture or to force Vallourec to buy out its shares. These arrangements would make it less attractive for any third party to attempt to gain control of Vallourec.
20. MRW will therefore exercise de facto control over Vallourec and the notified operation will constitute a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

IV. COMMUNITY DIMENSION

21. The combined aggregate world-wide turnover of all the undertakings concerned exceeds ECU 5,000 million. Each of the undertakings has a Community-wide turnover in excess of ECU 250 million, but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension according to Article 1(2) of the Merger Regulation. It does not qualify for co-operation with the EFTA surveillance Authority pursuant to Article 57 of the EEA Agreement.

V. COMPETITIVE ASSESSMENT

A. Relevant Product Markets

22. The activities of MRW, MH and Vallourec overlap in the field of production of carbon and alloy steel tubes, precision tubes, bearing tubes, gas cylinders, tubular automotive components, the production of steel and semi-finished steel products and in the retail distribution of steel tubes.
23. The effect of the concentration of MRW's (including its holding in Hüttenwerke Krupp Mannesmann) and Vallourec's steel making operations falls to be considered under the provisions of the Treaty establishing the European Coal and Steel Community.

24. Both parties have considerable activities on the markets for the stockholding and retail distribution of steel tubes. MRW sells significant parts of its total production via Mannesmann Handel AG (“MH”) [...]. Vallourec is active in the distribution of steel tubes through its subsidiary Starval. Approximately [...] % of MH’s hot rolled tube sales and about [...] % of Starval’s sales of carbon and alloy steel tubes are products sourced from MRW and Vallourec respectively. However, the vast majority of steel tubes distributed via trading companies and stockholders are commodity tubes rather than speciality tubes such as line pipe, powergen tubes OCTG casing and tubing, which are more usually sold direct to end-users. The proposed concentration is not likely to create or strengthen a dominant position in the distribution market firstly because Starval, the distribution subsidiary of Vallourec, is small and has a turnover in tubes of only about [...] of the turnover of MH in the EEA, so that the addition of market shares will be not significant. In addition all the major tube producers have distribution operations and service centres and there are a number of important independent tube distributors and traders active across the Community (Van Leeuwen, Sicam and Klöckner). One of these independent distributors has EEA tube sales of about [...] % of those of MH.
25. As far as automotive components are concerned, the combined market shares of MRW and Vallourec in the areas of overlap do not exceed 10% of a Western European market so that the proposed operation will not create or strengthen a dominant position.

A.1 General considerations

a) Carbon and alloy steel tubes and stainless steel tubes are separate product markets

26. The Commission has differentiated between the market for tubes made of stainless steel, i.e. steel with a chromium content of 13% and above, and that for tubes made of carbon and other alloy steel (see case IV/M.315 - Mannesmann/Vallourec/Ilva, at p. 17, 18).

b) Tube hollows and finished tubes are separate product markets

27. Tube hollows are produced in hot rolling mills from concast rounds, billets, ingots or strip. For some applications hot rolled pre-tubes must undergo additional finishing procedure to meet certain tolerances or dimensional requirements, specific surface conditions or mechanical and technological properties. Tube hollows are used for the manufacture of precision tubes, bearing tubes and gas cylinders.
28. Although all tube producers are integrated downstream into the cold finishing of the hollows there are also several non-integrated companies active in the market which process the hollows purchased from tube makers according to the requirements of the end-users. These companies are referred to as tube processors or tube finishers. Because the cold finishing adds considerable value to the tube hollow and due to the fact that there are also several non-integrated tube processors active in the market, tube hollows must be considered a different product market from finished tubes.

A.2 Precision steel tubes are a separate relevant product market

29. The notifying party agrees with the position taken by the Commission in earlier decisions (see cases IV/M.222 - Mannesmann/Hoesch and IV/M.886 - MRW/MHP) that precision tubes constitute a separate relevant product market from other types of tubes. Precision

steel tubes can be distinguished from non-precision steel tubes primarily through their dimensional accuracy and other product characteristics. Furthermore, precision steel tubes are different from other tubes as far as the production process, the fields of application and the price are concerned. Precision tubes almost exclusively are sold to end-users in the automotive and mechanical engineering industries. For the above reasons precision steel tubes are a separate relevant product market from other types of tube. This view has been confirmed by almost all of the tube makers and end-users questioned by the Commission.

30. Most of the manufacturers of precision steel tubes are integrated upstream into the tube production. However, there are also several non-integrated precision tube makers which purchase tube hollows from the tube producers and subsequently apply cold finishing procedures. The product market for precision tubes, therefore, has to be considered a separate product market from tube hollows (see above).
31. The Commission in its decision in case IV/M.886 - MRW/MHP left open the question of whether precision tubes derived from seamless hollows and those derived from welded hollows belong to the same product market (at p. 9). The precise market definition can also be left open in this case because even with the narrowest product market definition the proposed concentration would not create or strengthen a dominant position.

A.3 Bearing tubes are a separate relevant product market

32. The production of bearing tubes is an activity downstream of hot finished seamless tube production. The specific mechanical characteristics of bearing tubes are achieved through specific cold finishing procedures (cold pilgering and cold drawing). Bearing tubes are intermediate products in the manufacture of bearings which consist of a cage containing a number of ball bearings. The cages for the bearing are manufactured from rings which may either be cut from bearing tubes or machined from forged bars. According to MRW bearing manufacturers can use rings made from tube and bar alternatively.
33. However, there are several non-integrated bearing ring producers active in the market that are specialised in cutting rings from bearing tubes and processing these rings further according to the specific requirements of the bearing makers. These companies cannot switch production from bearing rings made from tubes to bearing rings forged from bar because the production technology and the machinery and equipment needed are different. Therefore, there are strong indications that bearing tubes should be considered a separate product market. If however the market were wider including forged bars as an alternative pre-material for bearing rings the competitive analysis would not change as if there are no problems on the narrow definition there will be no problems on a wider definition. The question may therefore be left open.
34. According to the notifying party bearing tubes are exclusively made from hot finished seamless tubes. Because of specific requirements as to mechanical and technological properties seamless tubes cannot be replaced by welded tubes as regards the manufacture of bearing rings. This view has been confirmed by the results of the Commission inquiry among tube makers and end-users.

A.4 Gas cylinders are a separate relevant product market

35. According to the notifying party gas cylinders are a separate relevant product market. Gas cylinders are manufactured mainly from seamless steel hollows which undergo further processing to close the base and neck of the tube to form a cylinder which subsequently is heat treated, further machined and tested. Gas cylinders are used for the storage of gas under high pressure in the industrial gases sector as well as in medical and welding applications.

A.5 Other carbon and alloy steel tubes (non-precision tubes)

36. Non-precision carbon and alloy steel tubes are used in a wide range of different applications. In an earlier decision the Commission stated that the overall market for non-precision tubes distinguishes itself by reference to the area of application and the price (see case IV/M.222 - Mannesmann/Hoesch, at p. 31, 23). However, with the exception of steel gas-line pipes, the Commission in the Mannesmann/Hoesch decision left open in the last analysis whether the other types of non-precision steel tubes each belong to different relevant product markets (at p. 34).
37. In the notification of the present case MRW has taken the view that hot finished carbon and alloy steel tubes should be distinguished into the following relevant product markets:
- commodity tubes,
 - project line pipe,
 - powergen tubes,
 - OCTG casing and tubing,
 - OCTG drill pipe.
38. MRW considers that commodity tubes - commercial tubes (gas list pipes), mechanical tubes, structural hollow sections and non-speciality line pipe - belong to a single product market because of a high degree of flexibility in production (supply side substitution).
39. Against that the Commission is of the opinion that commodity grade tubes because of differences in product characteristics, prices, field of application and different standards and technical norms may be distinguished further into commercial tubes, mechanical tubes and structural tubes. Commercial tubes are the basic form of finished steel tube and are supplied only in a standard range of steel grades and dimensions. No special tests are applied to commercial tubes and the bulk of the material is sold in the size range of 12.7 mm to 610 mm with a wall thickness of up to 12.5 mm. These tubes are predominantly used in applications in the civil engineering and construction industries as well as for household heating and plumbing installations. Mechanical tubes predominantly are supplied in the size range of 21 mm to 610 mm with a wall thickness of 3 mm to 100 mm. The tubes are used for the construction of machinery and in the automotive industry. Structural tubes are round, square or rectangular sections used as construction elements in mechanical and civil engineering as well as in steel construction industries (crane and excavator construction). The bulk of structural tubes are supplied in the size range of 30 mm to 500 mm with a wall thickness of 3 mm to 20 mm.
40. Although it should be acknowledged that commodity grade tubes follow the same production routes and undergo similar testing procedures these tubes in the end are subject to different standards and technical norms⁷. Furthermore there are considerable

⁷ European standards already exist for mechanical tubes (EN 10083-1 and EN 10083-2). European standards for commercial tubes are in the stage of harmonising (EN 10216-1 and EN 10217-1).

differences in production structure as regards the major suppliers in Western Europe. Finally, the different types of commodity tubes are used by different groups of end-users and are often sold through different distribution channels.

41. Therefore the various categories of commodity grade tubes could constitute individual markets as their characteristics, applications, prices and the standards to which they are subject vary considerably.
42. However, the question whether the commodity grade tubes constitute a single relevant product market or a series separate relevant product markets can be left open in the last analysis in this case because the proposed concentration is not likely to create or strengthen a dominant position even if the different types of commodity tubes were assumed relevant product markets
43. In contrast to commodity grade tubes steel line pipe, powergen tubes, OCTG casing and tubing and OCTG drill pipe undergo special finishing processes which add significant value and differentiate the products. These finishing procedures include heat treatment, to alter the physical characteristics of the steel, ultrasonic testing for defects and uniform wall thickness, hydrostatic pressure testing, bevelling, external or internal coating (for line pipe) and threading.
44. The Commission in its Mannesmann/Hoesch decision (IV/M.222-Mannesmann/Hoesch) concluded that large-diameter tubes do not belong to the same product market as other line pipes (p. 45). The production techniques used for producing continuously welded tube and seamless tube are limited to outside diameters of about 20 inches (508 mm) and 24 inches (610 mm) respectively. Large-diameter tubes therefore form a separate relevant product market because of the natural breaks in the production techniques and the differences regarding the field of application. This view has been confirmed by the results of the Commission inquiry among tube makers and end-users.
45. Steel line pipe (up to an outside diameter of 610 mm) is used for the transmission of oil, gas and other fluids. These tubes require high strength and toughness, good resistance to low or high temperatures and corrosion as well as good weldability. Steel line pipe are subject to specific standards (see below). The overall market for steel line pipe may be distinguished further according to the pressure range into line pipes for transmission under low or medium pressure and line pipes for transmission under high pressure (> 16 bar). The differences between both product segments have been examined in-depth by the Commission in the Mannesmann/Hoesch decision (at 47 pp.). In the present case, however, it has to be taken into account that a large number of customers buy steel line pipes of both categories, rather often asking for a price for the complete package instead of surveying the prices for individual types of line pipes. This indicates the existence of uniform conditions of competition in both market segments, since, price setting in one segment could not ignore the knock-on effect on the other segment (see also p. 64 of the Mannesmann/Hoesch decision). Therefore, steel line pipes (up to and including 610 mm) belong to a single relevant product market regardless whether they are intended to be used in low and medium or high pressure applications.

Structural tubes still are subject to different national standards which deviate from the standards for commercial and mechanical tubes (e.i. DIN 17121, 17124 and DIN 17120, 17123).

46. Powergen tubes (boiler and plant pipes) are used in the power generation and in the chemical and petro-chemical industries. They are made from both alloyed and unalloyed steels and must be able to operate in extreme temperatures, have high tensile strength and be resistant to corrosion. Almost all powergen tubes are subject to high test specifications and to specific standards.
47. OCTG casing and tubing: These tubes are used in the exploration and extraction of oil and gas. Casing tubes are driven into the ground to protect the drilling operation. Smaller diameter tubes are inserted inside the casing for the transport of extracted oil or gas. Virtually there is only a single world-wide standard (API 5 CT⁸) for OCTG casing and tubing.
48. OCTG drill pipe: Drill pipes are smaller diameter tubes used as part of the tool to drill the well. These pipes are subject to very specific requirements and extensive testing. There is only a single world-wide standard (API 5 D) for drill pipe.
49. The definition of the relevant product markets as regards different types of non-precision steel tubes outlined above has been confirmed by the results of the Commission inquiry among tube makers and end-users. Almost all of the end-users as well as all of the major producers agreed with the above market definitions.
50. Therefore for the purposes of this investigation the following categories of carbon and alloy steel tubes with an outside diameter of less than 24 inches (610 mm) will be examined:
 - commercial tubes,
 - mechanical tubes,
 - structural tubes (hollow sections),
 - line pipes for transmission of oil, gas and other fluids,
 - powergen tubes (boiler and plant pipes),
 - OCTG oil field casing and tubing products,
 - OCTG drill pipes.

The distinction between hot finished seamless tubes and welded tubes

51. Welded tubes are made from hot rolled strip which is curved into a tube and continuously welded, whereas seamless tubes are made from tube rounds or ingots/billets which are pierced and rolled. The two production techniques are totally distinct requiring different machinery and equipment.
52. In general, seamless tubes are more expensive than welded tubes: The average price per tonne of seamless commercial tubes sold by MRW was 30- 50% higher than the price welded commercial tubes; the price of seamless mechanical tubes was 40- 50% higher than the price for welded mechanical tubes and the price for seamless structural tubes was 20 - 25% higher than the price for welded structural tubes. However, as regards the sales of MRW of steel line pipe there was no significant price difference between seamless and welded tubes.
53. In its notification, MRW has taken the view that there are not separate product markets for seamless tubes and welded tubes despite differences in production processes and

⁸ API = American Petroleum Institute.

prices, because in many of their applications seamless tubes can be replaced by welded tubes. According to the parties, on global level, the share of seamless tubes has decreased steadily from above 50% in 1964 to around 35% in 1994 as a result of innovations in welding technology. The parties expect this replacement process to continue in the near future and, therefore, consider demand-side substitution between seamless and welded tubes to be effective. However, even the notifying party has conceded that seamless tubes cannot be replaced by welded in all applications.

54. To verify the importance of demand-side substitutability between seamless and welded tubes in the various applications, the Commission has undertaken a survey of the major producers and end-users of steel tubes both inside and outside the Community. There are strong indications that in certain applications seamless tubes cannot be replaced by welded tubes particularly where operating conditions require resistance to high operating pressures, high strength and toughness, and heat resistance. This is particularly true for applications in the electricity generating industry (powergen tubes), though there are also applications for which only seamless mechanical tubes, structural tubes and line pipes can be used. Tubes with wall thicknesses of above about 12 mm cannot be produced economically by conventional welding techniques so that thick-walled tubes must be produced from steel rounds. Finally seamless and welded tubes are normally subject to different standards.
55. The continuing replacement of seamless tubes by welded tubes is the result of technological innovation. This and the fact that there are applications for which seamless tubes cannot be replaced for technical reasons leads to the conclusion that seamless tubes are a different relevant product market from welded tubes. However, this question, in the present case, can be left open in the last analysis, because the proposed concentration would not create or strengthen a dominant position for any category of tube even if seamless tube were assumed to be a separate product market.

B. Relevant Geographic Markets

B.1 Precision steel tubes

56. In previous decisions the Commission has considered the relevant geographic markets for precision steel tubes to be almost certainly at least Community-wide (see IV/M.222 - Mannesmann/Hoesch at p. 28 and IV/M.886 - MRW/MHP at p. 10). In the present case, the Commission has found that costs of transports within the Community are insignificant relative to the high value of the product and that the markets in each Member State and in the EFTA area are characterised by a high level of mutual market penetration as well as the absence of significant price differences. The relevant geographic markets for precision tubes, therefore, are at least EEA-wide.

B.2 Bearing tubes

57. According to the notifying party the relevant geographic market for bearing tubes is world-wide or at least Western Europe as the major bearings manufacturers such as SKF, Timken and Sanyo operate on a world-wide basis. According to MRW about 50% of total bearing tubes sold in the Community were supplied cross-border. However, according to the results of the Commission investigation, imports into the EEA area seem to be insignificant (below 5%). The exact definition of the relevant geographic market can be

left open in the last analysis here, as even if the market for bearing tubes were assumed to be EEA-wide the proposed concentration is not likely to create or strengthen a dominant position.

B.3 Gas cylinders

58. According to the notifying party the relevant geographic market for gas cylinders is world-wide due to low transport costs relative to the high value of the product. Furthermore, the eight largest gas producers would account for about 80% of world-wide demand and, therefore, would, in theory, be capable of pursuing a centralised purchasing policy. However, according to the results of the Commission investigation, imports into the EEA area seem to be insignificant (below 5%). The exact definition of the relevant geographic market can be left open in the last analysis, as even if the market for gas cylinders were assumed to be EEA-wide the proposed concentration is not likely to create or strengthen a dominant position.

B.4 Other carbon and alloy steel tubes (non-precision tubes)

Commodity grade tubes

59. The notifying party considers the relevant geographic market for commodity grade tubes, i.e. commercial tubes, mechanical tubes and structural tubes, to include the countries of Western Europe and Eastern Europe, Russia and Ukraine. According to the notifying party imports of commodity grade tubes have increased significantly in recent years while sales by Western European producers to Eastern Europe have dropped sharply due to the competitive advantages enjoyed by Eastern European manufacturers for these products and depressed demand in Eastern Europe.
60. Because of insignificant transport costs intra-Community trade in commodity grade tubes is very high. The markets in each Member State and in the EFTA area are characterised by a high level of mutual market penetration as well as the absence of significant price differences. The exact definition of the relevant geographic markets can be left open in the last analysis here, as even if the markets for commercial, mechanical and structural tubes were assumed to be EEA-wide the proposed concentration is not likely to create or strengthen a dominant position.

Steel line pipe for transmission of oil, gas and other fluids

61. The Commission in the Mannesmann/Hoesch decision of 12 November 1992 took the view that the German market for steel line pipe was distinct from the other Member States because of limited imports of around 10%, differences in the technical standards applied in Germany and those in the other Member States, differences in demand-side structure, and a nationally oriented purchasing policy of German customers.
62. In recent years imports into Germany of steel line pipe with an outside diameter of up to 16 inches have increased. Imports represented a share in total sales in Germany of about 21% in 1994 and about 25% in 1996. Accordingly the market share of MRW dropped from 79% in 1991 (see Mannesmann/Hoesch decision, at p. 92) to 64% in 1996. In the present case, in contrast to the approach followed in the Mannesmann/Hoesch decision and for the market shares given above, the relevant product market comprises line pipe up

to an outside diameter of 24 inches. On this basis the shares of imports are about 16% in 1994 and about 19.1% in 1996. MRW's market share for line pipe up to 24 inches in the same period has fallen from 66% to 57%.

63. The harmonisation of European standards is in line with the Commission's forecast in its Mannesmann/Hoesch decision. Euronorm EN 10224 covering water applications was issued as a "pre-standard" in January 1997; EN 10208-1 covering requirements up to 16 bar pressure is expected to come into force by the end of 1997; EN 10208-2 covering requirements above 16 bar pressure entered into force in August 1996.
64. Public procurement rules require public tendering for all contracts of ECU 400,000 and above. The Commission understands that this would represent about 50% of total demand for steel line pipe in Germany. Furthermore, increasing numbers of German gas utilities procure line pipe by way of public tendering even for contracts below the above threshold. Increasing imports support this view and illustrate that the purchasing criteria of German customers do not longer act as a barrier to entry for non German suppliers.
65. There is substantial intra-Community trade in steel line pipe because transport costs are insignificant. The markets in each Member State and in the EFTA area are characterised by a considerable level of mutual market penetration as well as the absence of significant price differences. The relevant geographic markets for steel line pipes therefore is at least EEA-wide.

Powergen tubes (boiler and plant pipes)

66. As regards powergen tubes the Commission in its Mannesmann/Hoesch decision left open whether the relevant geographic market would be at least Community-wide (at p. 35). The investigation undertaken by the Commission in the present case has confirmed that costs of transport within the Community are insignificant and the markets in each Member State are characterised by a considerable level of mutual market penetration as well as the absence of significant price differences. In addition, most of the end-users have stated that they consider the relevant geographic markets for powergen tubes to be wider than national markets. Although the parties to the concentration export large parts of their production of powergen tubes outside the Community, only marginal imports of powergen tubes into the Community have been observed. According to MRW, the low level of imports must be explained by the lack of new power plant projects in Europe. However, the exact definition of the geographic dimension of the relevant markets can be left open in the last analysis here, as even if the markets for powergen tubes were assumed to be EEA-wide the proposed operation is not likely to create or strengthen a dominant position.

OCTG casing and tubing/OCTG drill pipe

67. As regards OCTG products the Commission in its Mannesmann/Hoesch decision already stated that the relevant geographic markets possibly would be world-wide (at p. 35). The investigation undertaken by the Commission in the present case has confirmed that costs of transports between different regions of the world are not important given the high value of OCTG products. In addition, almost all tube makers and end-users asked by the Commission have stated that they consider the relevant geographic markets for OCTG products to be world-wide. This is highlighted by the fact that there is only a single world-wide standard for both OCTG casing and tubing (API 5 CT) and for OCTG drill pipe

(API 5 D). According to MRW about 38% of apparent Community consumption of OCTG products, i.e. casing and tubing as well as drill pipes, was imported in 1995. Since there are no obvious obstacles to imports, exports from Europe to other countries are significant and because there are considerable imports into the Community, the relevant geographic market for OCTG products almost certainly is world-wide. However, the exact definition of the geographic dimension of the relevant markets can be left open in the last analysis here, as even if the markets for OCTG products were assumed to be EEA-wide the proposed concentration is not likely to create or strengthen a dominant position.

C. Impact of the concentration

68. The proposed acquisition by MRW of de facto sole control of Vallourec will result in the creation of the largest producer of hot finished tubes in Western Europe and the world. According to the notifying party, total world-wide production of hot finished tubes amounted to 39.732 million tonnes in 1995. The parties to the concentration will have a combined share of around 5.7%, followed by the Dalmine/Techint group, Sumitomo, Nippon Steel, USX of the USA, and NKK of Japan. In the Community, MRW and Vallourec will be by far the largest producer.

C.1 General features of the tube markets in Western Europe

69. The notifying party argues that the steel tube industry in the Community faces dramatic changes as to the conditions of competition in Western Europe (EEA area including Switzerland and Turkey). Apparent consumption of hot finished tubes in Western Europe has been declining and imports into Western Europe have been increasing, in particular from suppliers in Eastern Europe including the CIS. At the same time opportunities for Western European producers in export markets such as the CIS and China have dramatically declined.
70. As a result, according to MRW, production levels and capacity have been declining. EU capacity of steel tubes (up to a diameter of 16 inches) dropped from about 19.8 million tonnes in 1988 to about 16.6 million tonnes in 1995. In the same period production declined from about 12.2 million tonnes to about 9.9 million tonnes. Despite closures of capacity, utilisation of tube making capacity in Western Europe is currently only about 60%.
71. The major tube producers in Western Europe besides MRW and Vallourec are Dalmine S.p.A. of Italy, Benteler AG of Germany, British Steel plc. of United Kingdom, Rautaruukki Oy of Finland, Tubeurop S.A. of France and Voest-Alpine of Austria.
72. Dalmine is the main Italian seamless steel pipe and tube producer with several distribution companies in Italy and other countries in Western Europe. The activities of Dalmine in the field of production of welded tubes are of lesser importance. In the privatisation of the Italian steel sector a 35.6% interest in Dalmine was sold to Siderca S.A.I.C. and Techint Finanziaria s.r.l. in 1996. The next largest shareholder in Dalmine is Banca di Roma (13.8%). Siderca is a seamless steel producer with manufacturing facilities located in Argentina. Techint group which comprises of Dalmine, Siderca and Siat of Argentina, Tamsa of Mexico and Confab of Brazil, is one of the world's largest producers of seamless tubes.

73. Benteler is a family-owned company with activities in the fields of production of seamless and welded steel tubes as well as automotive components. Benteler also has significant trading activities and runs several companies in the stockholding and retail distribution business.
74. British Steel, a publicly quoted company, is a manufacturer and distributor of welded tubes and pipes, hollow sections as well as cold drawn seamless and welded precision tubes. The group also trades hot finished seamless tubes produced by other European tube makers.
75. Rautaruukki is a producer of welded structural hollow sections, precision tubes and line pipes with manufacturing facilities located in Finland, Sweden, Denmark and Germany.
76. Tubeurop is a subsidiary of the French steel producer Usinor Sacilor which only produces welded tubes, predominantly hollow sections, commercial tubes and mechanical tubes.
77. Voest-Alpine produces [...] seamless steel tubes, predominantly OCTG casing and tubing products as well as powergen tubes, line pipes and hollow sections. The company belongs to the Austrian steel producer Voest-Alpine Stahl AG.
78. Nine European producers (including both MRW and Vallourec) representing 90% of the Community production of seamless commercial tubes and seamless line pipe have introduced an anti-dumping complaint against producers of these products in the Czech Republic, Slovakia, Romania and Russia. Provisional duties of between 5% and 11% for cooperating companies and between 33% and 47% for non-cooperating companies were imposed on 31 May 1997. According to the complainants imports into the Community from the four countries had increased nearly fourfold between 1990 and 1995, from about 50,00 tonnes a year to 200,000 tonnes a year and a market share of some 22%. Capacity utilisation in these countries is about 40% indicating a large excess capacity. It is worth noting that the increases complained of took place while the previous anti-dumping measures were in place. Although the new are unlikely to block imports from the countries concerned they may slow their growth.

C.2 Precision steel tubes

79. MRW's precision tube activities are carried out by MHP. This company currently is jointly controlled by MRW and Krupp-Hoesch Stahl AG, however, the Commission has approved a transaction by which MRW will acquire the shares it does not already own in MHP (see case IVM.886 - MRW/MHP). Vallourec's activities are carried on through its subsidiaries Vallourec Precision Soudage and Vallourec Precision Etirage.
80. MRW in total sold [...] metric tonnes or ECU [...] million of precision tubes in 1996, thereof [...] metric tonnes (65.9%) or ECU [...] million (68.8%) in the EEA area. In the EEA, sales of MRW of seamless precision tubes amounted to about ECU [...] million and sales of welded tubes amounted to about ECU [...] million. Sales of MH of tubes produced by other manufacturers in the EEA amounted to ECU [...] million.
81. Vallourec in total sold [...] metric tonnes or ECU [...] million of precision tubes in 1996, thereof [...] metric tonnes (88.3%) or ECU [...] million (86.3%) in the EEA area. In the EEA, sales of Vallourec of seamless precision tubes amounted to about ECU [...] million

and sales of welded precision tubes amounted to about ECU [...] million. Starval, a trading company belonging to the Vallourec group, did not sell precision tubes in 1996.

82. Total sales of seamless precision tubes in the EEA amounted to about ECU 439 million and total sales of welded precision tubes amounted to about ECU 2,763 million in 1996. After the merger, taking into account the sales of the trading companies, MRW and Vallourec would reach a combined market share of about [40- 50%] in the segment for seamless precision tubes and of [<10%] in the segment for welded precision tubes. There have been no dramatic changes in market shares over the last two years.
83. As far as welded precision tubes are concerned, imports into the EEA are below 10% and the other suppliers in the EEA each have market shares of below 10% the largest competitors being Rautaruukki, Rothrist of Switzerland, Benteler and Tubeurop. In view of this dispersed market structure the proposed concentration would not give rise to create or strengthen a dominant position. In the market segment for seamless precision tubes there are only two other sizeable suppliers besides the parties active in the EEA, Benteler (15 - 25%) and Dalmine (10 - 20%). Imports of seamless precision tubes into the EEA are well below 10%. There are also several smaller suppliers active here including Lombardi Tubi (I), Marcegaglia (I), Pietra (I), Tubos Reunidos (E) and Poppe&Potthoff (D). Although the proposed concentration will combine the leading suppliers of seamless precision tubes it would not create or strengthen a dominant position of MRW/Vallourec in the EEA given the presence of two competitors with significant market shares and several smaller suppliers. Furthermore, in view of the asymmetrical structure of the market and the recent change of ownership of Dalmine which now forms part of an aggressively expanding international group it can also be excluded that, as a result of the merger, effective competition between MRW/Vallourec, Dalmine and Benteler would be slowing down.

C.3 Bearing tubes

84. MRW's activities on the market for bearing tubes are carried on through its [subsidiaries WRG and Mannesmannröhren-Werke Sachsen]. In the downstream market for bearing rings made from tubes MRW is active through its subsidiary Mannesmannring GmbH. Vallourec's bearing tube activities are carried on through its subsidiary Valti as well as through its subsidiaries Segeval and Europe Mecanique which manufacture bearing rings.
85. MRW in total sold [...] metric tonnes or ECU [...] million of bearing tubes in 1996, thereof [...] metric tonnes (55.4%) or ECU [...] million (57.2%) in the EEA area. Vallourec in total sold [...] metric tonnes or ECU [...] million of bearing tubes in 1996, thereof [...] metric tonnes (97.2%) or ECU [...] million (97.3%) in the EEA area.
86. According to the Commission investigation, which did not obtain sales information from all the operators in the EEA market, sales of bearing tubes in the EEA amounted to more than ECU 192 million in 1996. After the merger MRW and Vallourec would have a combined market share of less than 50%. The combined market share has slightly decreased since 1995.
87. The EEA market for bearing tubes after the merger will be highly concentrated. Besides the parties, there are virtually only three sizeable suppliers active here including Ovako Steel (20 -30%), which belongs to the bearing maker SKF, Desford Tubes Ltd. of UK (10 - 20%) and Dalmine (5 - 15%) all of whom slightly increased their market shares

between 1995 and 1996 at the expense of MRW and Vallourec. Imports into the EEA are rather limited (below 5%) coming mostly from suppliers in the USA (Timken, Copperweld) and Japan (Sanyo, Sumitomo). However, the proposed concentration is not likely to create or strengthen a dominant position. The demand for bearing tubes also is highly concentrated. Bearing manufacturers operate production facilities around the world. Although, they might prefer to procure their requirements from suppliers located close to their various production facilities in the different regions of the world, they have detailed information of the cost structure and prices of all major bearing tube makers in the world. This knowledge combined with their considerable buying power will prevent bearing tube suppliers in the EEA from increasing prices above the competitive level. Furthermore, several bearing manufacturers, such as SKF, produce bearing tubes themselves and, therefore, can decide either to purchase bearing tubes from third sources and cut them into bearing rings themselves, to purchase cut rings from independent makers or to carry out the entire production process themselves. In view of the above it can be excluded that MRW and Vallourec after the merger will have the possibility to escape the restraining effects of effective competition.

C.4 Gas cylinders

88. MRW is active in the field of gas cylinders through its subsidiary Mannesmann Stahlflaschen GmbH. Vallourec's activities are carried on through its subsidiary Valmont, however, Valmont only produces gas cylinders with a capacity of 15 litres or more.
89. MRW in total sold [...] metric tonnes or ECU [...] million of gas cylinders in 1996, thereof [...] metric tonnes (82.1%) or ECU [...] million (83.2%) in the EEA area. Vallourec in total sold [...] metric tonnes or ECU [...] million of gas cylinders in 1996, thereof [...] metric tonnes (93%) or ECU [...] million (94%) in the EEA area.
90. According to the results of the Commission inquiry, which did not obtain sales from all the operators in the EEA market, total sales of gas cylinders in the EEA amounted to more than ECU 86 million in 1996. After the merger MRW and Vallourec would have a combined market share of less than [40- 50 %] here.
91. The parties will face competition from several other suppliers in the EEA including Chesterfield Cylinders (25- 35%), Dalmine (15- 25%), Heiser and Faber/Simmel, of whom Chesterfield and Dalmine slightly increased their market shares between 1995 and 1996 at the expense of MRW and Vallourec. There are only low imports into the EEA (well below 10%) and, on an occasional basis, coming mostly from suppliers in South Korea (Korean High Pressure) and the USA (Timken). However, as the parties after the merger will face competition from two sizeable suppliers, at least one of whom is independent of both Mannesmann and Vallourec in that 90% of its output is produced from tube hollows it manufactures itself, and because there are several smaller producers the proposed concentration is not likely to create or strengthen a dominant position. Furthermore it has to be borne in mind that sales of gas cylinders generally are made direct to the end-users who are of large gas producers and companies active in the chemical and construction industry. According to MRW, the eight largest gas producers accounted for about 80% of world-wide demand for gas cylinders. Although, multinational operating companies might prefer to procure their requirements from suppliers located close to their various production facilities in the different regions of the world, they have detailed information of the cost structures and prices of all major producers of gas cylinders in the world. This knowledge combined with their

considerable buying power will prevent suppliers of gas cylinders in the EEA from increasing prices above the competitive level.

C.5 Other carbon and alloy steel tubes (non-precision tubes)

Commodity grade tubes

92. According to MRW, total sales of commodity grade tubes in the EEA amounted to around ECU 1,885 million, thereof around 33% accounting for seamless tubes. Sales of seamless (welded) commercial tubes accounted for around 5.6% (26%) in total sales of commodity type of tubes, seamless (welded) mechanical tubes for 22.8% (3.7%), and 4.8% (37.1%) for structural tubes.
93. On the EEA market for seamless commercial tubes MRW and Vallourec after the merger will have a combined market share of around 30%. The next largest suppliers are Dalmine (20-30%), ESW Röhrenwerke (20- 30%) and Benteler (10- 20%). On the market for welded commercial tubes the parties reach a combined market share of around 10 - 20%; the market leader is British Steel (15- 25%). Other suppliers are Dalmine and Flender AG of Germany, both with market shares of around 5- 15%. Tubeurop has a market share of less than 10%. In view of the parties' modest market shares, the presence of several other suppliers of a similar market position and the increasing supplies from tube makers outside the EE, in particular from the Czech Republic (Nova Hut, Vitkovice, Ferromet Tubular Products), the proposed concentration is not likely to create or strengthen a dominant position in these markets.
94. As far as seamless mechanical tubes are concerned MRW and Vallourec after the merger will have a combined market share of 35- 45%. The next largest supplier is Dalmine (15 - 25%). The other suppliers have market shares of below 10%; imports into the EEA, mostly coming from Eastern European countries, are low (well below 10%). Although after the merger the market for seamless mechanical tubes will be rather highly concentrated the creation or strengthening of a dominant position can be excluded because of the sizeable market position of Dalmine. Furthermore, there are other tube producers active in the EEA, namely Desford Tubes, Tubos Reunidos and Benteler, which currently have only limited activities in seamless mechanical tubes, but could serve as alternative suppliers for European customers if the parties after the merger would increase prices for mechanical tubes. On the EEA market for welded mechanical tubes the parties after the merger will be the third largest supplier after Rautaruukki and Dalmine. Given the very strong position of Rautaruukki in this market segment the creation or strengthening of a dominant position can be excluded.
95. As far as seamless structural tubes are concerned the proposed concentration will not lead to an addition of market shares because Vallourec is not active in this area. On the market for welded structural tubes the leading suppliers are Tubeurop, British Steel and Rautaruukki. The parties will have only low market shares (below 10%). Based on the above the proposed concentration is not likely to create or strengthen a dominant position.

Steel line pipe for transmission of oil, gas and other fluids

96. MRW in total sold [...] metric tonnes or ECU [...] million of steel line pipe in 1996, thereof ECU [...] million (48%) in the EEA area. Total sales in the EEA consisted of

about ECU [...] million seamless line pipes and of about ECU [...] million welded line pipes. MH sold only minor amounts of line pipe manufactured by other tube producers.

97. Vallourec in total sold [...] metric tonnes or ECU [...] million of steel line pipe in 1996, thereof ECU [...] million (67%) in the EEA area. Vallourec exclusively produces and sells seamless line pipe.
98. According to MRW, total sales of steel line pipe in the EEA amounted to around ECU 950 million in 1996, of which around 27.4% for seamless tubes. After the merger, MRW and Vallourec would reach a combined market share of around 25- 35% in the segment for seamless line pipe and of around 20- 35% in the segment for welded line pipe.
99. As far as seamless line pipe are concerned the only other supplier with significant market shares in the EEA is Dalmine (30- 45%). Besides MRW/Vallourec and Dalmine there are only a few other suppliers including Benteler and Voest-Alpine, each with market shares of below 5%. However, imports of seamless line pipe are rather high (well above 10%) coming from tube producers in Japan (Sumitomo, Kawasaki, Nippon Steel), the USA (US Steel), Argentina (Siderca) as well as in the Czech Republic (DIOSS). In view of the strong market position of Dalmine the proposed concentration is not likely to create or strengthen a dominant position of MRW/Vallourec in the market for seamless line pipe. Furthermore, in view of significant imports which indicate that potential competition from suppliers outside the EEA is effective, it can also be excluded that, as a result of the merger, effective competition on the market for seamless line pipe between Dalmine and MRW/Vallourec would be reduced.
100. On the market for welded line pipe the proposed concentration will not lead to an addition of market shares because Vallourec is not active in this area. MRW will continue to face effective competition from Rautaruukki and British Steel in this area.

Powergen tubes

101. MRW in total sold [...] metric tonnes or ECU [...] million of powergen tubes in 1996, thereof ECU [...] million (66.2%) in the EEA area. Total sales in the EEA consisted of about ECU [...] million seamless powergen tubes and of about ECU [...] million welded powergen tubes. Sales of MH of seamless (welded) powergen tubes produced by other manufacturers in the EEA amounted to ECU [...] million (ECU [...] million) in 1996.
102. Vallourec in total sold [...] metric tonnes or ECU [...] million of powergen tubes in 1996, thereof ECU [...] million (32%) in the EEA area. Vallourec exclusively produces and sells seamless powergen tubes.
103. MRW and Vallourec would have a combined market share of 40- 50% of both the supply of all powergen tubes or of seamless powergen tubes if these are considered as a separate market. MRW/Vallourec would be the largest supplier of powergen tubes in Western Europe and the world. Other producers to the EEA include Dalmine, Benteler and British Steel with shares between 8% and 15% of the combined market. Their shares of the market for the supply for seamless powergen tubes are slightly lower between 6% and 15% including Voest-Alpine which only produces seamless powergen tubes.
104. The customers for these types of tube are large engineering contractors (for power station, chemical plant etc.) or large tube distributors (who hold stock for repair and maintenance

work) who have a wide knowledge of alternative sources of supply and who have the experience and resources to make their purchases on the basis of open tenders.

105. Furthermore, there is considerable spare capacity for seamless powergen tubes because production of powergen tubes in Europe (and elsewhere) has fallen leaving companies with capacity that could easily be utilised without significant delay or expense.
106. Despite the large market share MRW/Vallourec would be constrained both by the strength of competitors belonging to large and well resourced groups, British Steel, and Dalmine. In addition, a number of Eastern European suppliers have started to export powergen tubes into Europe and already produce to the relevant international standards. As the recently imposed antidumping duties only cover seamless commercial tubes and line pipe, the producers in Eastern Europe could increase their production and exports of powergen tubes if the parties were to increase prices after the merger. The proposed operation would not therefore create or strengthen a dominant position in the EEA market for seamless and welded powergen tubes.

OCTG casing and tubing and OCTG drill pipe

107. Based on an EEA-wide market for OCTG casing and tubing the parties have reached combined market shares of 35- 45% in the segment for seamless OCTG and of 10- 20% in the segment for welded OCTG. The largest competitor in seamless OCTG is Dalmine (10 - 20%). However, there are considerable imports of seamless OCTG into the EEA (well above 20%) coming from suppliers in the USA (USX) and Japan (Sumitomo, Nippon Steel). As far as welded OCTG casing and tubing is concerned the proposed concentration would not lead to any addition of market shares because Vallourec is not active here; MRW after the merger will continue to face strong competition from British Steel which is by far the largest supplier in the EEA. Therefore, even on the basis of EEA-wide markets for OCTG casing and tubing, the proposed concentration is not likely to create or strengthen a dominant position. However, all the end-users asked by the Commission have stated that they consider the relevant geographic market to be wider than the EEA area, most of them consider the market for OCTG to be world-wide.
108. As far as OCTG drill pipe are concerned, the parties would reach a combined market share of less than 20% on an EEA-wide market. In the EEA, there is only one other producer active here, OMSCO Industries (15- 25%). However, imports of drill pipe into the EEA are very high (above 50%) coming from suppliers in Japan and the USA. Therefore, even on the basis of EEA-wide markets for OCTG drill pipe, the proposed concentration is not likely to create or strengthen a dominant position. However, all the end-users asked by the Commission have stated that they consider the relevant geographic market to be wider than the EEA area, most of them consider the market for OCTG to be world-wide.

VI. CONCLUSION

109. It follows from the above that the proposed concentration would not create or strengthen a dominant position as a result of which competition would be significantly impeded in the common market or in a substantial part of it.

110. 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 (EEC) No 4064/89.

For the Commission,