



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.11.1997

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No IV/M. 1031 - Jardine / Appleyard

Notification of 17.10.1997 pursuant to Article 4 of Council Regulation No 4064/89

1. On 17 October 1997 the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the company Jardine International Motor Holdings Ltd ('Jardine') (Bermuda) acquires within the meaning of article 3 (1) (b) of the Council Regulation control of the whole of the undertaking Appleyard PLC ('Appleyard')(UK).
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA agreement.

I. THE PARTIES AND THE OPERATION

3. Jardine International Motor Holdings Ltd ('Jardine'), controlled by the Jardine Matheson Group, is active in the sale and service of premium quality motor vehicles and other activities.
4. Appleyard is active in the areas of sale and service of commercial vehicles, passenger cars and contract hire.
5. The proposed operation consists in the acquisition of Appleyard by Jardine by way of public bid. On 10 October 1997 the Boards of JIMHL and Appleyard announced that they had reached an agreement on the terms of a recommended cash offer for Appleyard, which valued it at approximately ECU 65.8 million.

II. CONCENTRATION

6. The offer is final and has the unanimous recommendation of the Appleyard board. At the moment of the announcement, undertakings to accept the offer had been received amounting to approximately 25.6 % of the issued capital of Appleyard. Upon completion, Jardine would own the whole of Appleyard. The operation is thus a concentration within the meaning of Article 3(1) of the Merger Regulation.

III. COMMUNITY DIMENSION

7. The combined aggregate worldwide turnover of the undertakings concerned exceeds 5 000 million ECU. The aggregate Community wide turnover of each party exceeds 250 million ECU. They do not achieve more than two-thirds of their turnover in one and the same Member State. The operation has therefore a Community dimension.

IV. THE RELEVANT MARKETS

a) Relevant Product Market

8. Both parties are active in the retail distribution of passenger cars and commercial vehicles in the UK. For the reasons stated in the Commission's previous decisions in this area¹, it is appropriate to distinguish for the purposes of this case between (a) the retail distribution of passenger cars, and (b) the retail distribution of commercial vehicles.

b) Relevant Geographical Market

9. In previous cases (cf. footnote 1) the Commission has left open the question of whether the geographical market for these activities is European or national. In the present case it is not necessary either to decide on that since even in the narrowest geographical market the operation would not raise any serious doubts as to its compatibility with the common market (see assessment below).

V. ASSESSMENT

10. The only overlap is in the markets for the retail of passenger cars and commercial vehicles in the United Kingdom. The combined group will become one of the largest independent distributors in this country. However, the addition of market shares is very small, so that the parties have not identified any affected markets as defined in the Merger Regulation. In the narrowest of the markets described above (par. 8 and 9), the parties' highest combined market share would be under 3 %. There will remain significant competition from several other independent distributors. Finally, it has to be noted that the Commission has previously stated that in terms of control over the overall distribution arrangements, 'the wholesale level is much more important than distribution in this market'².

¹ Case IV/M.182 Inchcape / IEP; Case IV/M.326 Toyota Motor Corp./Walter Frey/Toyota France

² Case IV/M.182. Inchcape / IEP

VI. CONCLUSION

11. In the light of all the above, and in particular the very small market shares of the parties, the Commission has concluded that the operation will not result in the creation or reinforcement of any dominant position.

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

For the Commission,