



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22/12/1997

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

Dear Sirs,

**Subject: Case No IV/M. 1036: CHRYSLER/DISTRIBUTORS (BENELUX AND GERMANY)**

Notification of 21 November 1997 pursuant to Article 4 of Council Regulation N/4064/89

1. On 21 November 1997, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking Chrysler International Corporation ('CIC'), controlled by Chrysler Corporation ('Chrysler'), acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertakings Chrysler Import Deutschland GmbH ('CID'), Chrysler Import Belgium SA/NV ('CIB') Chrysler Import Holland BV ('CIH') and Public Warehouse Europe BV ('PWE'), all ultimately controlled by Homel Holding BV ('Homel'), by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) 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' ACTIVITIES AND THE OPERATION**

3. The principal business activities of the undertakings concerned are :
  - for Chrysler, the development, manufacture, and marketing of passenger cars (cars, trucks, minivans and sport utility vehicles) and related parts and accessories, worldwide, under the Dodge, Chrysler, Plymouth, Jeep and Eagle names
  - for CIC, the distribution (under licence from Chrysler) of Chrysler and Jeep cars in countries outside the USA

- for Homel, the distribution, via subsidiaries, of Chrysler and Suzuki vehicles, spares and accessories, and related activities
- for CID, CIB, CIH the distribution of Chrysler and Jeep cars and related activities in Germany (CID), Belgium and Luxembourg (CIB), the Netherlands (CIH) and for PWE, the provision of related services (warehousing, vehicle preparation) to CID, CIB and CIH.

## **II. COMMUNITY DIMENSION**

4. Chrysler and the businesses being acquired have a combined aggregate worldwide turnover in excess of ECU 5,000 million (Chrysler, ECU 48,353 million; and the businesses being acquired, ECU [ ]<sup>1</sup> million). Each of them has a Community-wide turnover in excess of ECU 250 million (Chrysler, ECU [ ]<sup>2</sup> million; and the businesses being acquired, ECU [ ]<sup>3</sup> 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, but does not constitute a co-operation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

## **III. COMPETITIVE ASSESSMENT**

### **A. Relevant product markets**

5. The notifying party states that the relevant product markets are those for the supply of passenger cars, accessories and spare parts for them, and related services. However, it is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

### **B. Relevant geographic markets**

6. The notifying party states that the relevant geographic markets are EEA-wide. However it is not necessary to further delineate relevant geographic markets because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

### **C. Assessment**

7. The merger does not create any increment to the parties' market share, since it concerns the vertical integration of Chrysler's distribution network. In terms of overall sales of passenger cars in the EU, Chrysler's share is small (1 - 5%<sup>4</sup>) and it does not have a share in excess of 15% of such supply in any Member State affected by the merger. The only vertically affected alternative product/geographic market considered in which either party

---

<sup>1</sup> Business secret

<sup>2</sup> Business secret, in excess of ECU 250 million

<sup>3</sup> Business secret, in excess of ECU 250 million

<sup>4</sup> Business secret

would have 25% or more, is that for ‘compact wagons’ (eg, Renault Espace, Chrysler Voyager) in the Netherlands, in which Chrysler would be the leader with 30 - 35%<sup>5</sup> by volume (1996), ahead of Opel with 14.2%, Mitsubishi with 13.7% and VW with 12.9%. ‘Compact wagons’ is a small, specialised category, accounting for less than 5% of total passenger car sales in the EU and in the Netherlands alike, although its importance is growing, and most major manufacturers offer competing models.

8. In view of the market position of the parties to the concentration, it appears that the notified operation will have, at most, a minimal impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

#### **IV. ANCILLARY RESTRICTIONS**

8. The share purchase agreement by which the operation is being effected contains a clause under which Homel agrees not to solicit business from any of the customers or dealers of the target companies for a period of two years from the date of the agreement. This provision is consistent with the relevant provisions of the Commission Notice on Ancillary Restrictions, notably in that it is directly related to the concentration itself, necessary for the protection of the value of the acquired assets (in particular, the goodwill) and of acceptable geographical and temporal scope. (Section IIIA of the Notice refers.)

#### **V. CONCLUSION**

9. 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 (EEC) No 4064/89.

For the Commission,

---

<sup>5</sup> Business secret