

*Case No COMP/M.1615 -
HSBC /
LINDENGRUPPEN /
CIH*

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

Article 6(1)(b) NON-OPPOSITION
Date: 09/08/1999

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 09/08/1999
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PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

Subject: Case No IV/M.1615 - HSBC/LINDENGRUPPEN/CIH

Notification of 5.07.1999 pursuant to Article 4 of Council Regulation N/ 4064/89

On 5.07.1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which HSBC Holdings PLC ("HSBC") and AB Lindengruppen ("Linden") acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of ColArt International Holdings Limited ("CIH").

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 functioning of the EEA Agreement.

I. THE PARTIES' ACTIVITIES AND THE OPERATION

1. HSBC is one of the world's largest banking and financial services organisations operating under well-established names such as Hang-Seng Bank, Hongkong Shanghai Bank, Midland Bank and others. Linden is a company based in Sweden. Its major industrial interest is its 100% holding in AB Wilhelm Becker ("Becker") and its subsidiaries. Becker controls a number of subsidiaries active in the sector of coatings and paintings, including CIH a whole owned company specialised in artists' materials.
2. HSBC and a number of institutional investors associated to and represented by HSBC will acquire a 44% holding in CIH. The Sale and Purchase Agreement provides for CIH and its subsidiaries, to move from sole control of Linden to joint control by HSBC, by itself and also representing a number of investors, and Linden. HSBC will acquire certain rights

under the agreement in relation to management and control of CIH in addition to those normally attaching to minority shareholdings under applicable company law. They include, inter alia, veto rights to adopt the Business Plan and the right to appoint three members of the Board. Becker has a right to appoint three members also.

3. CIH and its subsidiaries are functioning enterprises with all the features of autonomous entities sufficiently resourced to enable them to carry on business over an indefinite period. Thus, the operation constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

II. COMMUNITY DIMENSION

4. HSBC and Linden have a combined aggregate world-wide turnover in excess of EURO 5,000 million (HSBC, EURO 23,867 million; and Linden, EURO 650 million). Each of them has a Community-wide turnover in excess of EURO 250 million (HSBC, EURO 10,016 million; and Linden, EURO 493 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.

III. COMPETITIVE ASSESSMENT

A. Relevant product market

5. CIH supplies art materials to professional and amateur artists and to art students. 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 market

6. The notifying parties state that the relevant geographic market is Community-wide in scope. It is not necessary to further delineate the 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. HSBC has no activities in the same markets as CIH. Linden has no other interests in the business of providing artists' materials, other than through its holding in CIH. Further CIH is a financially sound and profitable company and the new group of shareholders will not materially strengthen its present financial position.
8. In view of the market position of the parties to the concentration, it appears that the notified operation will have no 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. CONCLUSION

9. For the above reasons, the Commission decides 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,