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Case No IV/M.1699 - ** TPG BACCHUS / BALLY

Only the English text is available and authentic.

REGULATION (EEC) No 4064/89
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
Date: 30/09/1999

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, **30.09.1999**

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

Subject: Case No IV/M. 1699 – TPG BACCHUS/BALLY INTERNATIONAL
Notification of 02.09.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 02.09.1999, the Commission received a notification whereby the American undertaking TPG Bacchus notified its intention to acquire sole control of the Swiss undertaking Bally International AG.

2. After examining the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89[1] 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. TPG Bacchus is a limited liability company set up for the purpose of the notified acquisition and it is controlled by TPG Partners II. TPG Partners II has shareholdings in companies active in the United States in natural gas, pastries, household accessories, clothes, shoes, and accessories. TPG Partners II has shareholdings in companies active in Europe in commercial jet aircraft, telecommunications accessories and public pay phones, integrated circuits and semiconductors, and public houses.

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1 OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

4. Bally International AG is a Swiss limited liability undertaking, controlled by Oerlikon-Bührle Holding AG. BALLY manufactures and distributes high-fashion brand-name goods, such as shoes and other leather goods, clothes and accessories.

5. TPG Bacchus will buy Bally International by way of purchase of shares.

II. CONCENTRATION

6. The transaction consists of the acquisition by TPG Bacchus of sole control over Bally International AG within the meaning of Article 3(1)(b) of the Merger Regulation.

III. COMMUNITY DIMENSION

7. The combined aggregate world-wide turnover of the undertakings concerned exceeded EUR 2,500 million[2] in 1998 (TPG Partner II: EUR […]; Bally International: EUR 470 million). In each of three Member States, the combined aggregated turnover of the undertakings was more than EUR 100 million in 1998 (France, Germany and UK). In each of these three Member States, the aggregated turnover of each of the undertakings was more than EUR 25 million in 1998. [In France TPG Partner II's turnover was EUR […] and Bally International's turnover was EUR […]; in Germany TPG Partner II's turnover was EUR […] and Bally International's turnover was EUR […]; and in UK TPG Partner II's turnover was EUR […] and Bally International's turnover was EUR […]]. The aggregated Community-wide turnover of each of at the two undertakings was more than EUR 100 million in 1998. (TPG Partner II: EUR […]; Bally International: EUR […]).

8. Furthermore, none of the parties to the concentration achieves more than two thirds of their aggregated Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension according to Article 1(3) of the Merger Regulation.

IV. COMPETITIVE ASSESSMENT

Relevant product markets

9. The operation involves the high-fashion industry, in particular shoes, accessories, and clothing. According to the parties there are no "affected markets" for the purposes of this transaction (see below). There are numerous manufacturers of such items, and since the parties have no significant market shares under any relevant market definition, such a definition is unnecessary in the present case.

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2 Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

Relevant geographic markets

10. There is no geographic overlap between the parties in the EU, and therefore the geographic market definition can be left open.

Assessment

11. Neither TPG Bacchus nor any other company controlled by TPG Partners II is active in the fashion industry in Europe. There is no other company controlled by TPG Partners II that is active in the same market as Bally International. The only company owned by TPG Partner that is active in a market related to that of Bally International is J. Crew, which sells women's and men's apparel, shoes and accessories. However J. Crew's activities are limited to the US and Canadian markets and the company sells a different product line than Bally International. Therefore, the transaction does not lead to any addition of market shares or vertical relations within the EEA.

Conclusion

12. In light of the above information, the proposed concentration does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA agreement.

V. CONCLUSION

13. 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,