

***Case No COMP/M.1825 -
SUZUKI MOTOR /
SUZUKI KG / FAFIN***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 03/02/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.02.2000

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 COMP/M.1825-Suzuki Motor/Suzuki KG/Fafin

Notification of 22.12.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. The operation consists of the proposed acquisition by the Japanese company, Suzuki Motor Corporation ("SMC"), of three German companies belonging to the Dutch Homel Group. The companies being acquired are: Suzuki Auto GmbH Deutschland & Co KG ("Suzuki KG"), HOGIVA Verwaltungs-und Beteiligungs-GmbH ("HOGIVA"), and FAFIN Gesellschaft für Factoring und Leasing mbH ("FAFIN"). The operation also includes the acquisition by SMC of the inventory of CIAS AG.
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 the functioning of the EEA Agreement.

I. THE PARTIES AND THE OPERATION

3. SMC is a diversified, publicly-owned Japanese corporation active in the design, manufacture and distribution of automobiles, motorcycles, marine outboard motors, generators and general-purpose engines. Apart from a strong presence in its domestic Japanese market, SMC has a considerable amount of overseas operations.

4. The activities of the three target companies are as follows: Suzuki KG is SMC's exclusive wholesale automobile distributor in Germany; HOGIVA's sole business is to function as the general partner of Suzuki KG and to manage Suzuki KG's business; FAFIN provides financial services to the customers of the Suzuki dealers in Germany. The seller of the inventory, CIAS AG, is a Swiss corporation which has served as SMC's general importer into Europe, and has consequently been the main supplier of Suzuki KG.
5. The operation will be carried out in three steps: First, the shares in HOGIVA, currently held by the Homel Group, will be acquired by SMC's wholly-owned German subsidiary, Suzuki Motor GmbH Deutschland ("Suzuki Motor"); secondly, HOGIVA will acquire the interests of the Homel Group in Suzuki KG; lastly, HOGIVA will acquire Homel's share in FAFIN. All three steps are dealt with by one and the same purchase agreement. Additionally to these three parts of the operation, the inventory of CIAS AG will be purchased by HOGIVA by a separate agreement. All four parts are mutually contingent on each other, so that one could not be legally consummated without the consummation of the other. Consequently, they are considered to constitute one and the same operation.
6. The corporate structure after completion of the operation will be such that SMC will own the entire share capital in HOGIVA (through its subsidiary, Suzuki Motor) and in FAFIN (through HOGIVA). Suzuki KG will cease to exist as its business will be taken over completely by HOGIVA.

II. CONCENTRATION OF A COMMUNITY DIMENSION

7. The operation constitutes a concentration within the meaning of Article 3.1.b. of the Merger Regulation.
8. HOGIVA, due to its sole function as general partner of Suzuki KG, does not have any turnover of its own. SMC, Suzuki KG and FAFIN have a combined aggregate worldwide turnover in excess of €5,000 million (SMC, €10,001 billion; Suzuki KG, [...] ; FAFIN, [...]). Each of them has a Community-wide turnover in excess of €250 million, and they do not achieve more than two-thirds of their respective aggregate Community-wide turnovers within one and the same Member State. The notified operation, therefore, has a Community-wide dimension.

III. ASSESSMENT

9. The operation consists essentially of the vertical integration in SMC of its wholesale distribution for motor vehicles and parts in Germany, and it does not result in the creation of a vertically affected market, given that neither SMC nor Suzuki KG attain market shares of 25 % or more in their respective markets. There is no overlap which could result in an affected market on a horizontal plane either, given that SMC and Suzuki KG have not been operating in the same market. Furthermore, the operation will not in itself produce any foreclosure effect, as Suzuki KG's distribution network was only available to SMC's cars in any case prior to the transaction.
10. Similarly, SMC's acquisition of FAFIN's financial services business does not give rise to any affected markets either on a horizontal or vertical plane, due to the presence of SMC, Suzuki KG and FAFIN on different markets prior to the operation and due to the level of market shares they attain respectively. The sole activity of HOGIVA prior to the

operation has been the management of Suzuki KG's business, so that it has not been operating on any market and thus its acquisition has no competitive effect.

11. Given all these factors, it is considered that 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 in any substantial part of that area.

IV. CONCLUSION

12. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and the EEA Agreement. This decision is adopted in application of Article 6.1.b. of Council Regulation (EEC) No 4064/89.

For the Commission,