

***Case No COMP/M.2006 -
ENRON/MG***

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

Article 6(1)(b) NON-OPPOSITION
Date: 04/07/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 04/07/2000

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

PUBLIC VERSION

To the notifying party.

Dear Sirs,

Subject: Case No COMP/M.2006 – ENRON/MG

Notification of 26.05.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On the 26.05.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No. 4064/89, whereby Enron Corporation (Enron) would acquire sole control of MG plc by way of a public bid.
2. After examining the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89¹ and that it does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

I. THE PARTIES

3. Enron is an energy and communications company primarily engaged in:
 - the marketing of gas, electricity, pulp and paper, bandwidth and weather derivatives and related risk management and financial services
 - the construction and operation of power plants, pipelines and other energy related assets
 - the transportation of natural gas via pipelines

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).

- the generation, transmission and distribution of electricity, and bandwidth services
4. MG is a leading independent metals trading company which participates in the London Metal Exchange (LME) and COMEX markets. MG acts as broker for its clients in LME and COMEX contracts and is a market maker in LME, COMEX and over the counter contracts. In addition MG has world wide warehousing operations.

II. THE OPERATION

5. The transaction was notified on 26.05.2000. The proposed operation consists of the acquisition by Enron (acting through its wholly owned subsidiary Enron Investments PLC) of sole control of MG. The operation will be effected by means of a recommended cash offer for the issued and to be issued shares of MG.
6. On 14 June 2000 lawyers acting for MG informed the Commission that MG was proposing to acquire certain assets of the Rudolf Wolff Group (Wolff). These assets are the client list for the market making and brokerage business on the LME, the clients of the foreign exchange business, the clients of the soft commodities business, and the forward supply and forward purchase contracts of the physicals metals business. The operation will also include the purchasing of LME warrants and physical metal inventory. In 1999 the turnover associated with the assets to be acquired was approximately €155 million. This latter operation would not be as such notifiable under the Merger Regulation. The question might arise whether the acquisition of MG by Enron includes or excludes the relevant assets and businesses of Wolff as part of MG. However, it is not necessary to decide this question as it has no incidence on the community dimension nor on the competitive assessment of the case.

III. CONCENTRATION

7. A successful bid for MG will give Enron sole control of MG and will therefore result in a concentration in the sense of Article 3(2) of the Merger Regulation

IV. COMMUNITY DIMENSION

8. The operation has a Community dimension pursuant to Article 1(2) of the Merger Regulation as the combined aggregated world wide turnover of the undertakings concerned exceeds € 5 000 million. The aggregate Community wide turnover of each of the undertakings exceeds € 250 million. Furthermore, the parties do not achieve more than two-thirds of their turnover in one and the same Member State.
9. The operation does not qualify for co-operation with the EFTA Surveillance Authority pursuant to the EEA Agreement.

V. COMPETITIVE ASSESSMENT

10. There are no horizontal or vertical overlaps between the activities of Enron and MG (including or excluding the assets and businesses acquired from Wolff) and therefore there are no affected markets. The proposed operation will not create or strengthen a dominant position.

VI. CONCLUSION

11. 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) Council Regulation (EEC) No 4064/89 and Article 57 of the EEA Agreement.

For the Commission,