

***Case No COMP/M.2186 -  
PREUSSAG /  
NOUVELLES  
FRONTIERES***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 14/11/2000

*Also available in the CELEX database  
Document No 300M2186*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14-11-2000  
SG (2000) D/108395

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 parties

Dear Sirs,

**Subject: Case No COMP/M.2186 – Preussag/ Nouvelles Frontières**

Notification of 11.10.2000 pursuant to Article 4 of Council Regulation (EEC) No 4064/89

1. On 11.10.2000, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 (the “Merger Regulation”) by which the German company Preussag AG will acquire within the meaning of Article 3(1)(b) of the Merger Regulation joint control of the French company Nouvelles Frontières (“NF”), the holding company controlling the NF group of companies.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Merger Regulation 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 AND THE OPERATION**

3. Preussag is head of a group of undertakings active world-wide in various sectors, including the field of leisure travel through the TUI Group (“TUI”) and through the Thomson Travel Group (“TTG”).<sup>1</sup> Through both groups, the portfolio of Preussag covers the entire leisure travel market: tour operators, charter airlines, distribution, hotels and cruises. It is present in nearly all European countries.

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<sup>1</sup> Preussag’s acquisition of TTG was cleared by the Commission on 26.07.2000, Case M.2002.

4. NF is active in tour operating, charter airlines, distribution, hotels, cruises and car rental. Its business is focused mainly on markets in France, though it is also active in Belgium, Italy, Luxembourg, Spain and several countries outside Europe. By assuming joint control of NF, Preussag will gain a presence in France and, hence, further internationalise its activities in the leisure travel sector.

## **II. CONCENTRATION**

5. NF is currently controlled by Mr. Jacques Maillot, the company's founder and majority shareholder. Preussag has an obligation to acquire 34.9% of NF's capital and voting rights before 31.03.2002. It will nevertheless assume joint control as of 15.11.2000 through a shareholders' agreement which will, in particular, give it veto rights over NF's business plan. The notified operation therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **III. COMMUNITY DIMENSION**

6. The combined aggregate world-wide turnover of Preussag (€16,500 million) and NF (€1,134 million) was in excess of €5,000 million in 1998/99. The aggregate Community-wide turnover of each party was also in excess of €250 million (Preussag €[...] million, NF €[...] million). Preussag did not achieve more than two-thirds of its aggregate Community-wide turnover within one and the same Member State, although NF did so within France. The notified operation, therefore, has a Community dimension according to Article 1(2) of the Merger Regulation.

## **IV. THE RELEVANT MARKETS**

7. The notifying parties use essentially the same market definitions as were used by the Commission in its Airtours/First Choice decision<sup>2</sup>, that is, national markets for short-haul and long-haul foreign package holidays, travel agency services, and the supply to tour operators of seats on charter flights to short-haul and long-haul destinations. The Commission's investigation in the present case has confirmed that these definitions remain valid. There was found to be some evidence of cross-border purchasing by Belgian customers – as expected given Belgium's geographical position, but not to such an extent that would necessarily constrain prices throughout Belgium.

## **V. ASSESSMENT**

8. Preussag's subsidiaries TUI and TTG are active in the leisure travel sector in the UK, Ireland, Denmark, Sweden, Finland, Norway, Germany, Austria, Belgium, Spain and the Netherlands. NF is active in France, Belgium, Ireland, Italy, Spain and Luxembourg. Therefore, the parties' activities in foreign package holiday markets only overlap Belgium, Ireland and Spain. However, as neither party has a significant market share in Spain, only Belgium and Ireland are affected markets.
9. According to the parties, Preussag has a market share of around 30-40% of short-haul foreign package holidays in both Belgium and Ireland and around 20-30% of long-haul foreign package holidays in Belgium. NF does not have a significant

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<sup>2</sup> Case No M.1524 of 22.09.2000

presence in any of these markets, with market shares of [0-10] percent. Since becoming active in the Belgian and Irish travel markets, NF has always remained on the fringe. In Belgium, for example, NF does not compete strongly for customers in all of the country with products that are specifically tailored to the Belgian market. Instead, its activities in Belgium can be characterised as an extension of NF's operations in France, in particular to the French-speaking part of Belgium<sup>3</sup>.

10. In Belgium, Preussag is active in the market for foreign package holidays through its tour operator, JetAir. JetAir is one of the two main Belgian integrated tour operators – along with NUR Touristic Benelux (owned by C&N) – who in 1999 each accounted for around 30-40% of the Belgian market for short-haul foreign package holidays and for around 20-35% of the long-haul market. SunAir (owned by Airtours) had a market share of around 10% for both short-haul and long-haul foreign package holidays, but recently closed down. Bosphorus (recently acquired by First Choice) and Club Med both had market shares of around 3-4% for both short-haul and long-haul foreign package holidays. There are a large number of tour operators active in Belgium with a market share similar to that of NF.
11. In Ireland, Preussag is active in the market for short-haul foreign package holidays through its tour operator, Thomson, which is the market leader, with a market share of around 30-40% in 1999. Other leading players include Falcon Holidays (owned by First Choice) with around 30-35%, and Panorama Holidays (owned by Airtours) and Thomas Cook, both with around 5-10%. Thomson does not supply long-haul foreign package holidays in Ireland.
12. The Commission's market investigations confirmed that the proposed concentration between Preussag and NF would not have any significant impact on the market structure of either the Belgian and Irish leisure travel sectors, or the degree of competition therein. As such, the proposed concentration does not raise serious doubts as to its compatibility with the common market.

## **VI. CONCLUSION**

13. 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.

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<sup>3</sup> Evidence that NF sells products that are designed to appeal in particular to French and/or French speaking customers can be seen by the fact that NF uses its French catalogue for sales on the Belgian market. Prices are given in French Francs, with prices in Belgian Francs only listed in an annex.