

*Case No COMP/M.2243 -  
STORA ENSO /  
ASSIDOMÄN / JV*

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: 22/12/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.12.2000  
SG(2000)D/109555/109556

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 Sir/Madam,

**Subject: Case No COMP/M.2243- Stora Enso/AssiDomän/JV**

Notification of 23.11.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 23.11.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which Stora Enso Oyj ("Stora Enso") and AssiDomän AB ("AssiDomän") notified their intention to acquire joint control over the newly created joint venture Billerud.
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 with the EEA Agreement.

**I. THE PARTIES**

3. Stora Enso is an international industrial group active in the production and sale of forest industry products, in particular wood-based fibre products. Core businesses include newsprint, magazine paper, fine paper and packaging boards. Stora Enso also has a small sack and kraft paper business.
4. AssiDomän is an international industrial group which is active in the production and sale of forest industry products. Its main business areas are packaging board, sack and kraft papers, pulp and timber.

## **II. THE OPERATION**

5. The Billerud joint venture will be active principally in sack and kraft paper and in corrugated case materials. It will also produce market pulp and minor quantities of liquid packaging board. The parties will contribute to the joint venture three mills located in Sweden: Stora Enso will transfer into the joint venture the Gruvön mill, which is mainly active in sack and kraft paper and corrugated case materials, but also produces pulp and a very small volume of liquid packaging board. AssiDomän will transfer the Skärblacka and Karlsborg mills, which produce sack and kraft paper, corrugated case materials and pulp.
6. Stora Enso Paperboard AB is currently a 100% owned subsidiary within the Stora Enso Group which contains a number of mills and other assets, including the Gruvön mill. Pursuant to a shareholders agreement signed on 10 November 2000, Stora Enso will empty all assets from Stora Enso Paperboard AB other than the Gruvön mill, and Stora Enso Paperboard AB (containing only the Gruvön mill) will be re-named Billerud. AssiDomän will then acquire a 50% share in Billerud. In exchange for the 50% share, AssiDomän will transfer to Billerud 100% of the shares of the two companies that own the Skärblacka and Karlsborg mills.
7. As a result, the Gruvön, Skärblacka and Karlsborg mills will be wholly-owned by Billerud, which will in turn be owned 50-50 by Stora Enso and AssiDomän.

## **III. CONCENTRATION**

8. The board of Billerud will have eleven members. Stora Enso and AssiDomän will each appoint three members of the board (the employees of the three mills will have the right to appoint an additional three board representatives). In addition, both the CEO and the chairman of Billerud will be jointly appointed by the two parties. Stora Enso and AssiDomän will each have veto rights over a significant number of issues, including Billerud's business plan. Each party will also have the right to dismiss the CEO. Therefore, on the basis of the foregoing, the joint venture will be jointly controlled by Stora Enso and AssiDomän.
9. At the outset, Billerud will have its own assets (buildings, machinery, etc.), its own employees, an established customer base, its own accounts and sufficient capital to perform on a lasting basis all the functions of an autonomous economic entity. For an initial transitional period, Billerud will maintain certain relationships with its parents to allow it the time necessary to make a complete separation from its parents. However, for the reasons set out below (see Section "Ancillary restraints"), these arrangements are limited in time and do not call into question Billerud's long-term autonomy. Therefore, on the basis of the foregoing, it is concluded that the joint venture will perform on a lasting basis all the functions of an autonomous economic entity.

## **IV. COMMUNITY DIMENSION**

10. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion<sup>1</sup> (Stora Enso: MEUR 10,635.7, AssiDomän: MEUR 2,195.75).

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<sup>1</sup> 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

Each of them have a Community-wide turnover in excess of EUR 250 million (Stora Enso: MEUR [], AssiDomän: MEUR []), 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.

## V. RELEVANT MARKETS

### A. Relevant product markets

11. The joint venture will be active in producing sack and kraft paper, corrugated case materials and pulp.

#### *1) Sack and kraft paper*

12. Sack and kraft paper is paper made from sulphate wood pulp that is used primarily to make industrial sacks (e.g. sacks to hold cement, fertiliser, agricultural products, pet food and the like), consumer bags (e.g. flour or sugar packaging, department store bags), wrapping paper and flexible packaging. According to the parties, the main characteristic of sack and kraft paper that distinguishes it from other kinds of paper is its tensile strength, that is, the amount of weight it must be able to hold without tearing. The parties submit that sack and kraft paper is generally produced from virgin fibre rather than from recycled fibre, because paper made from virgin fibre generally has higher tensile strength characteristics than paper made from recycled fibre. Sack and kraft paper may be produced from either bleached or unbleached pulp.
13. The parties suggest a broader market which includes kraftliner. They submit that the swing capacity from kraftliner must be taken into account, since all machines used to produce kraftliner can be switched quickly and with no additional investment to make sack and kraft paper.
14. The Commission has investigated sack and kraft paper in a number of earlier decisions, most recently in COMP/M.1884 - *Mondi/Frantschach/AssiDomän*. The Commission has suggested that sack and kraft paper forms a distinct product market that does not include other paper and board products.
15. However, the exact market definition can be left open in the present case because even on the narrowest market definition considered, the establishment of the joint venture would not lead to the creation or strengthening of a dominant position.

#### *2) Corrugated case materials*

16. Corrugated case materials are the materials from which corrugated board, and ultimately corrugated boxes and containers, are made. Corrugated board takes the form of sheets composed of fluting, which is the rippled middle layer of a corrugated board, and liners, which are the flat surface layers of the board glued to each side of the fluting. Corrugated case materials can be made from virgin fibre or from waste-based fibre.

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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.

17. As in previous Commission decisions<sup>2</sup>, the question whether the market should be subdivided into virgin based products and recycled fibre based products can be left open as the operation will not create or strengthen a dominant position.

*3) Pulp*

18. Pulp is the basic raw material from which different types of paper and board products are produced. Pulp is made from either wood or waste paper. The process of producing pulp is either mechanical or chemical. Pulp has different properties depending on whether hardwood or softwood is used in the production. The parties submit that although different sorts of pulp are particularly suited for certain end uses, there is a relatively high degree of substitutability between different sorts of pulp.
19. As in a number of earlier Commission decisions<sup>3</sup>, pulp will be treated as a single product market for the purposes of this decision.

*4) Corrugated cases*

20. Stora Enso and AssiDomän are active in the market of corrugated cases, which is downstream of the joint venture as corrugated case materials are used in the production of corrugated cases. The parties submit that the relevant product market may well be wider than corrugated cases, as there are many other forms of transport packaging that are substitutable with corrugated cases, including wooden crates, plastic containers and metal drums. The Commission has, however, rebutted a wider market definition in earlier decisions<sup>4</sup> and concluded that the substitution between different types of transport packaging does not materially affect prices and quantities in the market for corrugated cases. As in earlier decisions, the question whether there exist separate product markets for heavy-duty and non-heavy duty cases can be left open in this case as the assessment of this case would not be affected.

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<sup>2</sup> IV/M.291 – KNP/BT/VRG; IV/M.499 – Jefferson Smurfit/St. Gobain; IV/M.549 – SCA/PWA; IV/M.613 – Jefferson Smurfit/Munksjö; IV/M.1208 – Jefferson Smurfit/Stone Container; COMP/M.2020 – Metsä-Serla/MODO

<sup>3</sup> IV/M.166 Torras/Sarrió; IV/M.210-Mondi/Frantschach; IV/M.646-Repola/Kymene; IV/M.1006- UPM-Kymene/April

<sup>4</sup> Most recently in COMP/M.2032-SCA Packaging/Metsä Corrugated

## **B. Relevant geographic markets**

21. The parties suggest the geographic markets for sack and kraft paper, corrugated case materials and pulp to be at least EEA-wide. As regards sack and kraft paper and pulp, the parties consider the markets to be world-wide. In previous decisions, the Commission has defined the relevant geographic markets for all three products as at least EEA-wide.
22. With regard to corrugated cases, the parties submit that the only Member State in which both companies have a significant presence is Sweden. The parties consider, however, that the relevant geographic market may be wider than Sweden, owing to inter-Member State trade flows, actual and potential imports into Sweden and the fact that an increasing number of European customers are beginning to require supply on an EU-wide basis. The parties nonetheless submit that the distance over which cases are shipped is currently around 300 kms.
23. The Commission has found in a number of earlier decisions that the economic supply distance of corrugated cases is between 200 and 300 km. Within this distance, transportation costs are normally below 10% of the sales price. There are, however, indications that imports from Norway, Finland, Germany and Poland have increased during the recent years. According to the information submitted by the parties, imports currently account for some 13% of the sales of corrugated cases in Sweden.
24. However, for the purposes of this decision, the question whether the relevant geographic market for corrugated cases is Sweden or wider than Sweden can be left open because even at the level of Sweden a dominant position would neither be created nor strengthened.

## **VI. Competitive assessment**

### **A. Dominance**

#### *1) Sack and kraft paper*

25. The parties' combined market share will exceed 15% sack and kraft paper if swing capacity from kraftliner is not included. On that market, the joint venture would hold a market share of (15 - 25%)(Stora Enso: [], AssiDomän: []). The contributions to the joint venture represent the parties' only production. On an European market that includes Eastern Europe, Billerud's market share would amount to [10 - 20]%. Strong competitors are Mondi/Frantschach with an European (including eastern Europe) wide market share of 15%, UPM-Kymmene with 8,6% and JSC Segezha with 7,4%.
26. In view of the relatively low market shares, the Commission concludes that a dominant position will not be created or strengthened.

#### *2) Corrugated case materials*

27. As regards corrugated case materials, Billerud's market share will amount to [ $<10$ ]% on the overall corrugated case materials market. The joint venture's market share would not be materially affected if the market was to be divided into by type into liner and fluting, or into virgin-based and waste-based products.

28. The parents will remain active in the market holding market shares of [ $<10$ ]% (Stora Enso) and [ $<10$ ]% (AssiDomän). The parents' market position would not be materially affected even if the market was divided into liner and fluting. In virgin-based products, the joint venture would account for [ $<15$ ]% of the market. AssiDomän has [ $<25$ ]% of the market and Stora Enso only [ $<10$ ]%. The combined market share of the joint venture and the parents would be [25-35]%. In view of these market shares, the Commission considers that a dominant position will neither be created nor strengthened.

### *3) Pulp*

29. On the market for market pulp (pulp sold to third parties), the Joint Venture will hold a market share of [ $<10$ ]%. Stora Enso will remain active in the production of pulp with a market share of about [ $<10$ ]%. AssiDomän will no longer sell market pulp, but will use its remaining pulp production for internal consumption only. Since the combined market share of the joint venture and Stora Enso will remain below 15%, a dominant position will neither be created nor strengthened.

## **B. Coordination of competitive behaviour**

30. Pursuant to Article 2(4) of the Merger Regulation, to the extent that the creation of a joint venture has as its object or effect the coordination of the competitive behaviour of (at least two) of the undertakings that remain independent, such coordination shall be appraised in accordance with the criteria of Article 81(1) and (3) of the EC Treaty. In order to establish a restriction of competition in the sense of Article 81(1) of the EC Treaty, it is necessary that the coordination of the parent companies' competitive behaviour is likely and appreciable and that it results from the creation of the joint venture, be it as its object or its effect.
31. According to Article 2(4)(2) of the Merger Regulation, the Commission shall, when making the said appraisal, take into account in particular whether two or more parent companies retain to a significant extent activities in the same market as the joint venture or in a market that is upstream or downstream from that of the joint venture or in a neighbouring market closely related to this market. Therefore, candidate markets for coordination are those on which the joint venture and at least two parent companies remain active, or closely related neighbouring markets where at least two parent companies are active or markets upstream or downstream from the joint venture in which at least two parent companies are active.
32. As mentioned above, the joint venture will be active in sack and kraft paper, corrugated case materials and market pulp. Both parent companies will remain active in the following areas: pulpwood, corrugated case materials and corrugated cases. Moreover, both the joint venture and the parent companies will produce liquid packaging board. These markets will be considered in the following.

### *1) Pulpwood*

33. Concerning, pulpwood, Stora Enso and AssiDomän will each remain active in the supply of pulpwood in Sweden. For the purposes of this decision, pulpwood refers to both wood and wood chips used in the production of pulp. The pulpwood market is upstream of the market on which the joint venture will operate as the joint venture will

buy pulpwood in order to produce pulp. This pulp will in turn be mainly used to produce sack and kraft paper and corrugated case materials.

34. Stora Enso and AssiDomän are both overall net buyers of pulpwood and neither of them sells significant amounts of pulpwood to third parties. Due to the transportation costs of wood, swap contracts are common in the industry and pulp producers swap wood with third parties for wood located closer to their own mills. Currently, both Stora Enso and AssiDomän account for some [ $<10$ ] % of the total sales of pulpwood in Sweden each. Given these negligible market shares, the Commission considers that coordination would neither be likely nor appreciable. Moreover, even if the parent companies were to coordinate their activities in pulpwood, this coordination could not lead to a significant restriction of competition. For these reasons, pulpwood is not considered any further.

#### *2) Corrugated case materials*

35. As regards corrugated case materials, each of the joint venture, AssiDomän and Stora Enso will remain active on this market. In view of the market shares (see paragraphs 27 and 28 above) and in particular the fact that Stora Enso is present in this market only to a minor extent, the Commission considers that coordination between the parents is neither likely nor appreciable. Moreover, even if the parent companies and the joint venture were to coordinate their activities in corrugated case materials, this coordination could not lead to an appreciable restriction of competition. For these reasons, this market is not considered any further.

#### *3) Liquid packaging board*

36. In IV/M.1225 – *Enso/Stora*, the Commission concluded that liquid packaging board constitutes a separate relevant product market which is at least EEA-wide. Billerud will produce liquid packaging board to an amount which corresponds to [ $<10$ ] % of the market. The production originates from Stora Enso's contribution to the joint venture. AssiDomän will not contribute to the liquid packaging board production of the joint venture. Both parent companies will remain active in the market.
37. The set up of the joint venture will not lead to the coordination of the parents' businesses. The liquid packaging board produced by Billerud will not be offered to third parties on the open market but will be delivered exclusively to Stora Enso, which depends on the deliveries to fulfil its obligations towards Tetra Pak. According to the underlying sub-contracting agreement concluded between Stora Enso and Billerud, AssiDomän will not participate in any decisions and will not have access to any commercial or technical information concerning the liquid packaging board production by Billerud. After the expiry of the 2 year term of the sub-contracting agreement, the parties confirm that, if at all, liquid packaging board will only be produced by Billerud under the terms of a new sub-contracting agreement incorporating the same safeguards outlined above.
38. Given the nature of the sub-contracting agreement, this will ensure that liquid packaging board production will not form part of a joint venture between two competing liquid packaging producers. Therefore, the joint venture will not give rise to the coordination of the parties market conduct in that field. Consequently, this market will not be discussed any further.



#### 4) *Corrugated cases*

39. With regard to corrugated cases, Stora Enso and AssiDomän will each remain active in this market. The corrugated cases market is downstream of the joint venture as corrugated case materials are used in the production of corrugated cases. AssiDomän has currently some [20-30]% and Stora Enso [20-30]% of the sales of corrugated cases in Sweden. In view of these market shares, corrugated cases should be considered as a candidate market for cooperation.
40. There is no evidence to support the conclusion that the joint venture has the object of coordinating the competitive behaviour of Stora Enso and AssiDomän in the market of corrugated cases. There is no evidence either that the effect of the operation would be to coordinate the competitive behaviour of Stora Enso and AssiDomän on this market.
41. In making the assessment whether cooperation between the parent companies in the joint venture might have the effect to give rise to coordination in the market for corrugated cases, there has to be a causal link between the creation of the joint venture and the incentive to coordinate. A causal link in this case would be that the parents could align half of their cost of corrugated cases (raw material cost represents about []% of the price of the finished corrugated case) and thus coordinate their pricing behaviour on the corrugated cases market. The Commission has concluded, on the basis of its investigation, that such a link does not exist in the present case.
42. More particularly, the Commission notes that both Stora Enso and AssiDomän would have had a chance to source all the raw materials required for the production of corrugated case materials within the respective groups before the establishment of the joint venture. However, they are currently sourcing corrugated case materials from a number of different sources and only part of their requirements from the respective groups (AssiDomän [55-65]% and Stora Enso [30-40]%). The parties have explained that this has been due to competitive market conditions.
43. The joint venture would account for only [15-25]% of the internal demand of Stora Enso and [30-40]% of AssiDomän. The Commission considers that, following the establishment of the joint venture, there is no incentive for the parent companies to increase their sourcing of raw materials from the joint venture. On the contrary, it would be more feasible for the parent companies to source more from their own production outlets than from the joint venture. Namely, this would keep profits in-house and the parent companies could get raw materials from within respective group on terms that are more favourable (e.g. the group can sell at a lower margin than an independent supplier to allow each parent to realise a higher margin downstream). This will not be the case with the joint venture, putting it at a potential price disadvantage with respect to each parent's own production. Moreover, both parents would have less of an incentive to purchase from the joint venture as profits from any such purchases will be split with both parents.
44. Therefore, on the basis of the foregoing, the Commission considers that there is no causal link between the creation of the joint venture and the incentive to coordinate and that the joint venture will not give raise to coordination on the downstream market of corrugated cases in the present case.

## Conclusion

45. On the basis of the foregoing, the operation will not lead to coordination between the parent companies in the candidate market.

## **VII. ANCILLARY RESTRICTIONS**

46. The parties have notified the following clauses as ancillary restrictions.
47. First, the non-competition clause in Article 13.2 of the joint venture agreement provides that the parties agree not to involve themselves in sack and kraft paper other than through their participation in Billerud for the duration of the agreement and for 12 months thereafter. This provision is subject to a number of exceptions, *inter alia*, allowing both parents to own minority, non-controlling stakes in listed companies active in sack and kraft paper and to acquire businesses active in sack and kraft paper where the main purpose of the acquisition is not to compete with the joint venture.
48. According to the parties, the obligation on the parties not to compete with the joint venture in sack and kraft paper during the period of the joint venture reflects the lasting withdrawal of the parents from this market of the joint venture and should, therefore, be viewed as ancillary. The parties argue that the non-compete clause is needed to ensure the viability of the joint venture and to guarantee the value of the assets being contributed by each parent to the joint venture. The parties further contend that as significant know-how is being provided by the parents to the joint venture and as the joint venture may itself develop know-how, the parents must be prevented from using their privileged access to this know-how to compete with the joint venture. Moreover, the parties argue that the short post-term obligation valid for a period of one year is necessary to prevent free riding by the parents on the commercial know-how and other information obtained as a result of their participation in the joint venture.
49. The Commission considers that the non-competition clause is directly related and necessary for the market entry of the joint venture. Beyond this period, however, the parties have failed to justify the need for this clause. Therefore, the non-competition clause is only covered by the present decision for a period of 5 years. Moreover, it can only be considered as ancillary as far as it is confined to the area where the parent companies have established their products before the transaction.
50. Second, the non-solicit clause in Article 20 of the joint venture agreement provides that neither party shall solicit employees of Billerud for a period of 2 years. The parties argue that this provision is necessary to enable the joint venture to establish the workforce needed to operate on the market in its own right and should be treated as ancillary. The Commission considers that the non-solicit clause is directly related and necessary for the implementation of the joint venture.
51. Third, the confidentiality obligation in Article 11 of the joint venture agreement provides that the parties do not disclose confidential information concerning Billerud or the involvement of the parties during the term of the Agreement and for 2 years after either party has ceased to be a shareholder in Billerud. According to the parties, this standard provision is necessary to protect the legitimate commercial interests of Billerud and to eliminate any risk of an anti-competitive exchange of information from occurring. The Commission considers that the non-solicit clause is directly related and necessary for the implementation of the joint venture.

52. Fourth, the parties submit that the coating agreement between the joint venture and AssiDomän should be regarded as ancillary. Under this agreement, which is valid for a period of 3 years, AssiDomän has the right to use part of the capacity of the clay coating machine located at the Karlsborg mill in order to clay-coat limited quantities of its own product (liner produced at a mill retained by AssiDomän). Initially, 50% of the capacity of the machine will be available to AssiDomän who does not currently own another clay-coating machine. It has been agreed that, although AssiDomän invested around SEK [] million in the coating machine, the machine will remain with Karlsborg after the joint venture. However, it has been agreed that Karlsborg must repay AssiDomän for its investment in the machine, which requires that Karlsborg receives sufficient revenues from the coating business.
53. The parties submit that this agreement should be viewed as ancillary to the concentration as it provides AssiDomän with access for a limited period of time to a service which it needs within the context of its own retained business. The parties submit that the coating agreement is intended to avoid an abrupt disruption in the supply relationship between AssiDomän and Karlsborg. According to the parties, the duration of the agreement is necessary to allow AssiDomän to find a replacement coating machine, as there is no such machine within the AssiDomän group, and to allow Karlsborg to find other customers for coating which is currently done for AssiDomän. In addition, the parties argue that continued business from AssiDomän will ensure revenues to Karlsborg that are necessary to allow Karlsborg to justify its investment in the machine. The parties contend that the duration of the agreement ensures that this investment will be reimbursed within a short period of time.
54. The Commission considers that the coating agreement is directly related and necessary for the implementation of the joint venture.
55. Fifth, the separation agreements give the joint venture the right to be supplied with various support services for short periods of time (generally 3-5 months) to enable the separation of the joint venture mills from the parents' administrative organisations and establish its independence. The services concerned are administrative services (3 months), purchasing (3 months), sales support (5 months), IT (3-5 months), research and development (12 months) and trade mark usage (4 months). With regard to sales support, each of the parents agree to act as agents for the sale of the joint venture's products for a period of 5 months. The parties submit that these agreements are ancillary as they provide access to essential services for a short interim period during which the joint venture will not have had the opportunity to establish its own internal organisation. The Commission considers that the separation agreements are directly related and necessary for the implementation of the joint venture.
56. Sixth, Article 7 of the joint venture agreement states that three wood supply agreements are to be concluded in connection with the formation of the joint venture. These agreements are valid for a period of 3 years and require the parents to make available wood to the joint venture mills. There is no obligation on the joint venture mills to buy any wood under the framework agreements, although the parties anticipate that, at least initially, they will buy significant volumes. The framework agreements provide for annual wood supply agreements to be negotiated covering quantities and other terms of sale. Prices under the annual agreements will be negotiated on a quarterly basis taking into account market prices and costs. As the joint venture will not have its own forest holdings, the parties submit that the agreements should be treated as ancillary to the concentration because they are essential to provide the joint venture with sufficient

time to establish itself as an independent operator on the market and they do not contain any restrictions of competition. The Commission considers that the wood supply agreements are directly related and necessary for the implementation of the joint venture.

57. Seventh, Article 7 of the joint venture agreement further states that four transport and logistics agreements are to be concluded in connection with the formation of the joint venture. These agreements are in general valid for periods of between 1 and 2 years, although the parties submit that some extensions could possibly occur if the joint venture considered this to be in its best interests. The agreements provide the joint venture mills with essential access to the rail and sea transport systems of AssiDomän and Stora Enso for a sufficient period to enable the joint venture to determine its own optimal systems. According to the parties, the agreements qualify as ancillary as they are needed to enable the joint venture to continue to transport goods for an interim period. Furthermore, the parties do not consider that the agreements contain restrictions of competition. The Commission considers that the transport and logistics agreements directly related and necessary for the implementation of the joint venture. However, the parties have failed to justify the need for extensions of these clauses beyond this period. Therefore, the transport and logistics agreements are only covered by the present decision for a maximum period of 3 years.
58. Finally, under the terms of the liquid packaging board sub-contracting agreement, the Stora Enso group will sub-contract the production of small volumes of very light weight liquid packaging board to the Gruvön mill. The parties submit that this agreement should be treated as ancillary. However, as discussed above, given that the production of liquid packaging board will be separated from the functioning of the joint venture, the agreement cannot be regarded as directly related and necessary for the implementation of the joint venture.

## VIII. CONCLUSION

59. 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,  
*Signed M. Monti (Member of the  
Commission)*