

*Case No COMP/M.2254 -
AVIAPARTNER /
MAERSK / NOVIA*

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

Article 6(1)(b) NON-OPPOSITION
Date: 11/01/2001

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11.01.2001

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No COMP/M. 2254 - AVIAPARTNER / MAERSK / NOVIA

Notification of 30.11.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 30.11.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking AviaPartner N.V. ("AviaPartner"), based in Brussels, acquires within the meaning of Article 3(1)(b) of the Council Regulation joint control, together with Maersk Air A/S ("Maersk Air"), Denmark (belonging to the group AP Moller) of Novia Holding A/S, ("Novia") by way of the purchase of the shares currently owned by LFV Holding AB, (ultimately controlled by the Swedish State). Novia provides airport groundhandling services.
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' ACTIVITIES AND THE OPERATION

The parties

3. AviaPartner is an independent groundhandler that provides a wide range of airport groundhandling services in Belgium, France, Germany, the Netherlands and Italy.
4. Maersk Air is a Danish independent non-flag carrying airline company. AP Moeller group is mainly involved in shipping and in exploration for and production of oil and gas, shipbuilding, aviation, industry, supermarkets and IT services.
5. Novia is an undertaking specialised in the provision of airport groundhandling services in Scandinavia with operations in Copenhagen (Kastrup), in Stockholm (Arlanda) and in

Gothenburg (Landwetter). The services offered by Novia include passenger, ramp and station services, ticketing, lounge, cargo and mail.

The operation. Joint control and full function

6. On 06.07.1998, the Commission cleared the creation of Novia as a joint venture between Maerks Air and LFV Holding AB¹. The present transaction involves the sale by LFV Holding AB to AviaPartner of its 50% share in Novia .
7. This operation allows AviaPartner to extend its network for groundhandling services into Sweden and Denmark where it has no presence. For the Swedish State, the sale fits in its privatisation strategy of withdrawing from commercial sectors that do not have a particular public interest.
8. Both AviaPartner and Maersk will each hold 50% of the shares in Novia, carrying the same rights and the number of votes attached to them. Important business and substantial day-to-day matters must be decided upon by the board of directors. Decisions of the Board generally require unanimity.
9. Novia will continue to offer a full range of groundhandling services. It will be responsible for its own marketing and customers services and will enter into agreements under its own name. Novia currently employs approximately 1,400 staff and will continue to perform all of the functions normally carried out by undertakings operating on the groundhandling market on an ongoing and lasting basis.
10. Therefore the operation constitutes a concentration within the meaning of Article 3 of the Merger Regulation.

II. COMMUNITY DIMENSION

11. Undertakings concerned, AviaPartner, Maersk Air, (group AP Moller) and Novia have a combined aggregate worldwide turnover in excess of EUR 2,500 million.
12. In each of three Member States (Denmark, France, and Belgium) the combined aggregated turnover of undertakings concerned is more than EUR 100 million.
13. The aggregated turnover of at least two of the undertakings concerned in each of those above countries is more than EUR 25 million.
14. The aggregate Community-wide turnover of at least two of the undertakings concerned (AviaPartner and AP Moller) is more than EUR 100 but the undertakings concerned 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 within the meaning of Article 1(3) of the Merger Regulation.

¹ See Case No IV/M.1124 - Maersk Air / LFV Holding .

III. COMPETITIVE ASSESSMENT

A. Relevant product market

15. The economic sector involved in the notified operation is the provision of groundhandling services. Groundhandling covers the supply of a variety of airport services which are essential to carriers for performing their transport activities. These services range from passenger and baggage registration and handling to leading the aircraft on the ground as well cleaning and refuelling aircraft. Thus, the groundhandling activities can be divided into several distinct segments either on the basis of IATA Standard Grounhandling Agreement or on the basis of EC Groundhandling Directive.
16. However, for the purpose of the present assessment, it is not necessary to further delineate the relevant product markets for the provision of groundhandling services because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market

17. Based on previous Commission decisions² the parties state that the relevant geographic market for groundhandling services is normally "the area of the airport, given that from the customers' point of view (i.e. the airlines) a particular airport is not normally interchangeable with other airports" although a wider geographic market could be considered when an area comprises airports regarded by airlines as substitutable.³
18. It is not necessary, for the purpose of the present assessment, to further delineate the relevant geographic market because, in all alternative geographic market definitions considered (airport, country or EEA), effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

19. Both AviaPartner and Novia provide groundhandling services. However, AviaPartner does not operate groundhandling services in any airport (Kastrup, Arlanda or Landwetter) or in any country (Sweden or Denmark) where Novia provides groundhandling services and neither operates in any market upstream or downstream. Maersk Air has no groundhandling activities. So that there is no aggregation of market shares in any activities as a result of this transaction. Should the market be considered to be EEA, the EEA market share of AviaParnet is less than 1.7% and of Novia less than 0.79%. Therefore the operation does not give rise to any affected horizontal market.
20. Maersk Air operates scheduled air carrier services to and from Arlanda airport in which Novia is active as groundhandler and in which Novia accounts for more than 25% of the turnarounds. The operation of Maersk represents a minimal part of the turnarounds in that airport, SAS

² See Case No IV/M. 1124 - Maersk Air/LFV Holding; and Case No IV/M. 1035- Hochtief/Aer Rianta/Düsseldorf Airport.

³ See points 23 and 24 of the Maersk Air/LFV Holding decision.

being the main airline operator with more than 50% of turnarounds. The transaction does not therefore raise any vertical issues.

21. In view of the market position of the parties to the concentration, it appears that the notified operation will have no significant impact on competition in the EEA. Consequently, 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 any substantial part of that area.

IV. CONCLUSION

22. 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,