

EN

*Case No IV/M.350 -  
WEST LB / THOMAS  
COOK*

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: 30.06.1993

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PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

Registered with advice of delivery

TO THE NOTIFYING PARTY

Dear Sirs,

Subject: Case No. IV/M.350 - WEST LB / THOMAS COOK  
Your notification of 28.05.1993 pursuant to Article 4 of Council Regulation N° 4064/89.

1. The above-mentioned operation concerns the termination of a shareholders' agreement by which Westdeutsche Landes Bank (West LE) and LTU Lufttransport Unternehmen (LTU) currently have joint control of Thomas Cook.

The acquisition of joint control was notified to the Commission (see Case IV/M.229). The majority of funds necessary for LTU's participation in the JV was provided by West LB, which in return received a call option for 76% of the shares in Thomas Cook. This call option was exercised by West LB in December 1992, but joint control has been maintained by way of a shareholders' agreement. Following the notified operation West LB will hold 86% of the shares in Thomas Cook, and by terminating its shareholder agreement with LTU, West LB will acquire sole control of Thomas Cook.

2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation N° 4064/89 and does not raise serious doubts as to its compatibility with the common market.

#### I. THE PARTIES

3. West LB is a German bank, of which no undertaking or person has control, the largest shareholder being the state of North-Rhine Westphalia (43.2%). The main activities of West LB are state banking operations and clearing operations for savings banks in North-Rhine Westphalia.

4. Thomas Cook consists of the UK-based Thomas Cook Group Ltd and its US affiliate Thomas Cook Inc. Thomas Cook's principal activities include travel agencies, tour operating, travellers' cheques and foreign exchange retailing.

## II. CONCENTRATION WITH A COMMUNITY DIMENSION

5. West LB and LTU currently have joint control of Thomas Cook. On termination of the shareholders' agreement, West LB will have sole control of Thomas Cook. This acquisition of sole as opposed to joint control represents a change in the quality of decisive influence exercised by West LB and brings about a lasting change in the structure of both undertakings. The acquisition of sole control therefore constitutes a concentration within the meaning of Article 3(1) of the Regulation.
6. The thresholds set out in Article 1(2) of the Regulation are met since both the world- and Community-wide turnover of West LB, calculated in accordance with Art. 5(3)a of the Regulation, is well in excess of 5000 million ECU and the Community-wide turnover of Thomas Cook is 422 million ECU. As the majority of Thomas Cook's Community-wide turnover was achieved in the UK and the majority of West LB's turnover was achieved in Germany, the parties do not achieve more than two-thirds of their aggregate Community-wide turnover in one and the same Member State. The notified operation therefore has a Community dimension.

## III. COMPATIBILITY WITH THE COMMON MARKET

### A. The relevant product and geographic markets

7. Thomas Cook is a travel agent and tour operator, offering leisure and business travel, and is also active in the issue and sale of traveller's cheques, foreign exchange retailing and the wholesale trading and distribution of foreign currency.

Apart from its shares in Thomas Cook, West LB does not control any undertaking which is active on the markets for supply of travel services. It does, however, hold minority interest in LTU (34.3%) and in the leading German tour operator Touristik Union International (6.8%).

8. The markets within Europe for the supply of travel services are still essentially national in character. In the leisure sector, for example, tour operators in a particular Member State typically sell packages with a point of departure in that Member State and markets them to residents of that Member State. On the demand side there are also factors such as the inconvenience and additional cost of travelling by own arrangement to the point of departure in the territory of a foreign tour operator and linguistic and information-related difficulties which suggest that the market is mainly national in character.
9. The parties have stated that Thomas Cook holds approximately 33% of the European market for travellers' cheques. On the other hand, West LB's activities in the field of travellers' cheques and foreign currency are limited to the provision of such services for employees of the bank and a small number of high net worth individuals.

As regards the markets for issuing and wholesale distribution of travellers' cheques, there is a strong suggestion by the very nature of the products and services involved that this market is broader in geographical terms than the market for travel services. Further, it would seem that travellers' cheques to a certain degree are in competition with other methods of payment, such as e.g. credit cards and eurocheques.

Thomas Cook is also active in the market retail foreign exchange where it competes with commercial banks, specialist bureaux de change and independent money changers.

10. However, a precise definition of relevant markets does not have to be adopted in this case, since, in the absence of any significant overlap, the operation does not raise serious doubts about its compatibility with the common market, even if the narrowest possible market definition was to be adopted.

B. *Competition assessment*

11. In the Commission's decision (M.229) relating to the previous notification, i.e. the acquisition of joint control over Thomas Cook by West LB and LTU, the only limited overlap found to exist was in the travel sector between Thomas Cook and LTU. Following the proposed operation LTU will no longer have any control over Thomas Cook. Thus there will not be any significant overlap between the parties to the concentration.

12. There is neither any horizontal overlap, nor any vertical links, between the parties to this concentration. The possible conglomerate effects of the operation, given the strong financial support offered by West LB, are not such as to give rise to concerns on competition grounds, since thomas Cook will face competition from financially strong competitors on all markets where it is active. Therefore, the concentration will not create or strengthen a dominant position as a result of which effective competition will be significantly impeded in the Common market or in a substantial part of it.

13. For the above reasons the Commission has decided not to oppose the notified concentration and to declare it compatible with the common market. This decision is adopted in application of Article 6(1)b of Council Regulation 4064/89.

For the Commission