

***Case No COMP/M.4893 -  
QUEBECOR WORLD /  
RSDB***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

---

Article 6(1)(b) NON-OPPOSITION  
Date: 14/12/2007

***In electronic form on the EUR-Lex website under document  
number 32007M4893***



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14-XII-2007

SG-Greffe(2007) D/207858

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party**

Dear Sir/Madam,

**Subject: Case No COMP/M.4893 - QUEBECOR WORLD / RSDB  
Notification of 09 November 2007 pursuant to Article 4 of Council  
Regulation No 139/2004<sup>1</sup>**

1. On 9/11/2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking Quebecor World Inc. ("Quebecor", Canada) acquires within the meaning of Article 3(1)(b) of the Council Regulation sole control of the whole of RSDVB N.V. ("RSDB", the Netherlands) by way of purchase of shares.

**I. THE PARTIES AND THE TRANSACTION**

2. Quebecor is a provider of print solutions to retailers, cataloguers, branded-goods companies and other businesses with marketing and advertising activities as well as print solutions for publishers.
3. RSDB is a provider of printing services in the publishing sector (magazines, inserts, TV guides), catalogue production (mail-order catalogues) and commercial printed matters and services in the marketing and communications sector.

---

<sup>1</sup> OJ L 24, 29.1.2004 p. 1.

4. The proposed concentration relates to the sector for the printing of publications (magazines, catalogues/advertisements) and service activities related to printing (pre-press, after-press).
5. The proposed concentration relates to the acquisition by Quebecor of sole control of RSDB. Quebecor will acquire 29.9% of the shares in RSDB in return for the share purchase by RSDB of Quebecor's European operating companies in the UK, France, Austria, Spain and Scandinavia from Quebecor World Europe SA (a holding company of the Quebecor World Europe Group, the "QWE Group Companies").
6. Certain strategic decisions on the commercial policy of RSDB may only be adopted by all five members of the Supervisory Board minus one voting in favour of such decision. As Quebecor will be the only one entitled to appoint two members of RSDB's supervisory board, it will be able to veto certain strategic decisions, including the appointment and removal of RSDB's members of the Management Board and major changes to and deviation from the business plan.
7. These veto rights confer to Quebecor, within the meaning of Article 3(1)(b) of the Merger Regulation, the power to exercise decisive influence on the commercial policy of RSDB post-merger into which Quebecor's European operating companies will be merged.

## **II. COMMUNITY DIMENSION**

8. The parties have a combined aggregate worldwide turnover in excess of € 5 000 million (Quebecor € 4,847 million, RSDB € 531million in 2006), and each party has a Community-wide turnover in excess of € 250 million (Quebecor € 776.8 million, RSDB € 525.7 million in 2006). They do not achieve 2/3 of their aggregate Community-wide turnover within one and the same Member State.
9. The notified operation therefore has a Community dimension, within the meaning of Article 1(2) of the Merger Regulation<sup>2</sup>.

## **III. RELEVANT MARKETS**

10. As indicated, the proposed concentration relates to the sector for the printing of publications (magazines, catalogues/advertisements) and service activities related to printing (pre-press, after-press).

---

<sup>2</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).

## IV.1 Relevant Product markets

### Printing techniques

11. For printing of publications the Commission has found in previous decisions<sup>3</sup> that there are 2 separate product markets based on the type of technology used, rotogravure printing and heatset web offset printing<sup>4</sup>. The Commission held that these activities form separate markets for reasons including capacity, speed, cost structure, and format/quality. Rotogravure presses notably have higher fixed costs and lower operation costs, and are therefore more adapted for the printing of large volumes.
12. The notifying parties argue that as a result of technological developments in offset printing, large offset presses are now competing with rotogravure printers for high volume orders in terms of price, quality and speed. The result is that there is a substantial grey area concerning the kinds of products in which both techniques can now produce thereby blurring the lines between the two product markets.
13. The market investigation has confirmed that the capacity of offset printing machines is constantly increasing (e.g. heatset web offset printing presses with 64, 72 or, in the future, even more pages). They may therefore represent a credible substitute for those magazines currently printed in rotogravure with the lowest number of copies and number of pages. In a previous case, the Commission has found on the basis of figures for the year 2003 that, for catalogues and advertising, rotogravure was more cost-effective for large numbers of copies (more than 400.000 - 450.000) combined with high page-numbers (higher than 64) whereas offset was used with smaller volumes (owing to a smaller number of copies and/or a smaller number of pages). For magazines, the Commission found that the dividing line between rotogravure and offset was even lower than for catalogues and advertisements and that both rotogravure and offset techniques were used within a relatively narrow range of 200,000 and approximately 350,000 copies whereas above 360,000 identical copies and 32 pages per copy only rotogravure was used.<sup>5</sup>
14. On the basis of the present market investigation, the exact thresholds, both in terms of volume and number of pages, above or below which there is a marked preference for one of the two technologies cannot be defined precisely. However, the market investigation has confirmed that very large volumes as of today economically and in the required time only in rotogravure printing. The exact delineation of the market, however, can be left open as no competition concerns arise even at the narrowest possible level (rotogravure printing versus rotogravure and off-set printing). Nevertheless, it can be concluded that for the lower end of printing of magazines in

---

<sup>3</sup> COMP/M.3178 *Bertelsmann/Springer/JV*, dated 3 May 2005 (“Bertelsmann/Springer”); COMP/M.3322 *Polestar Prisa/Inversiones Ibersuiza/JV*, dated 15 December 2003 (“Polestar/Prisa/Inversiones Ibersuiza”).

<sup>4</sup> Off-set printing represents a significantly larger market than rotogravure printing (EEA off-set printing market 2006: EUR 77 billion; EEA rotogravure printing market 2006: EUR 8.5 billion, including magazines, catalogues & advertisements).

<sup>5</sup> COMP/M.3178 *Bertelsmann/Springer/JV*.

terms of number of copies and pages offset printing may impose a certain competition constraint on rotogravure presses.

### **Rotogravure printing of magazines/catalogues and advertisements.**

15. In former decisions, the Commission took the view that rotogravure printing of magazines, on the one side, and rotogravure printing of catalogues and advertisements, on the other side, presented sufficiently different characteristics so as to distinguish two different markets. Printing of magazines notably represents more constraints in terms of timing (between 2-3 days and sometimes several hours to be printed and distributed for a magazine, whereas advertisements and catalogues can be prepared more in advance), number of pages (more pages in catalogues and less in advertisement), in quality (magazines have higher finishing requirements than advertisements) and quantity.
16. The notifying parties submit that such a distinction should not be considered anymore. The market investigation confirmed that time constraints are much more relevant for the printing of magazines than for the printing of catalogues and advertisements and that the deadlines to be met are much shorter. Nevertheless, for the purposes of the assessment of the present case, the exact delineation of the market can be left open as no competition concern arises even at the narrowest possible level (rotogravure printing of magazines versus rotogravure printing of magazines, catalogues and advertisements).

### **Service activities related to printing**

17. Service activities related to printing include preparatory activities prior to printing on a printing press, such as file management, colour separation, preparation of the rotogravure cylinders, digital imposition, and page layout (“pre-press”) and all activities which occur after the printing process such as cutting, folding, stitching, binding and stapling of printed products such as magazines and delivery logistics (“after-press”).
18. In the past the Commission has not reached a definitive conclusion on whether pre-press services should constitute a separate product market<sup>6</sup> and also has not previously considered a separate market for after-press activities.
19. RSDB offers these activities as an integrated part of its rotogravure and offset printing processes. Quebecor does the same, with the exception of some of its activities in Spain and France. Therefore, since they do not provide service activities related to printing on an unbundled, stand alone basis, there is no horizontal overlap or possible vertical relations in this regard.

---

<sup>6</sup> COMP/M.3439 *Agfa-Gevaert/Lastra*.

## IV.2 Relevant Geographic markets

### Rotogravure printing of magazines

20. The merger will lead to significant overlaps and combined shares exceeding 15% for rotogravure printing of magazines only for Belgian and Swedish customers.
21. In a previous decision<sup>7</sup> the Commission has observed that the market for the rotogravure printing of magazines could be defined as wider than national in scope for certain countries (UK, France), while for some others (Germany and Spain), which display specific particularities as to distribution and finishing requirements as national in scope<sup>8</sup>. However, no position had been taken concerning the geographic market definition for other EU countries.
22. In this particular case and specifically for Belgium and Sweden, the notifying parties submit that the market for rotogravure printing of magazines should at least include all competitors operating rotogravure presses in neighbouring countries. This submission was however not fully supported by their internal data as two-third of Quebecor and RSDB rotogravure printing of magazines revenue is achieved with customers distant from the printing factory by less than 100 km<sup>9</sup>.
23. Nevertheless, concerning presses considered able to serve Belgium, the notifying parties submit that Belgian magazine publishers will indeed consider rotogravure printers outside Belgium when selecting an appropriate printer for their print job, this being evidenced by the fact that RSDB prints three of Belgium's main magazine titles at its facilities in the Netherlands. They notably argue that that given the well-developed transport and road infrastructure in this region, a conservative estimate of the printers which could potentially serve the Belgian rotogravure magazine market, making potential close competitors those printers located within a 400km radius of Brussels, bringing into play the Netherlands, Northern France and Western Germany, since they are in the opinion of the parties sufficiently close to the magazine retail market not to be handicapped by transportation costs or by exaggerated delays in time delivery.
24. The market investigation did not allow defining a precise radius below which all rotogravure presses would be competitive. However several German competitors confirmed that they could be credible competitors to print Belgium magazines, both in terms of price and time delivery. Dutch presses, via RSDB, are already competing in Belgium. The market also showed that printing facilities in Northern France could supply rotogravure printing services to Belgium magazines. It can therefore be

---

<sup>7</sup> COMP/M.3178 Bertelsmann/Springer, at [70].

<sup>8</sup> COMP/M.3178 Bertelsmann/Springer, at [61]; M.3322 - Polestar/Prisa/Inversiones Ibersuiza/JV, at [35].

<sup>9</sup> Only the Finnish rotogravure printing factory of Quebecor generates the majority of its sales with customer distant by more than 100 km. This is however very specific to peripheral regions of Europe and due to the Russian market served by this printing factory (there is no rotogravure printing factory in Russia).

concluded that the market for the rotogravure printing of Belgian magazines is larger than national and includes presses located in neighbouring countries.

25. There are no rotogravure presses in Sweden, and the notifying parties submit that the market is evidently wider than national in scope. Currently, the parties serve this market from their plants in Finland and the Netherlands. Therefore, the parties argue that this would indicate that the market includes not only these countries, but also Northern Germany, Denmark and possibly Belgium.
26. Several Swedish customers have in addition indicated that Polish presses could also be competitive and several German competitors have confirmed that they currently serve Swedish customers. It can therefore be concluded that the market for the rotogravure printing of Swedish magazines is larger than national and includes presses located in neighbouring countries
27. Therefore, for the rotogravure printing of magazines with a focus on Belgium the geographic market definition should include all rotogravure printing facilities located in Belgium, the Netherlands, Western Germany and Northern France and for the rotogravure printing of magazines with a focus on Sweden it should include at least all rotogravure printing facilities located in Finland, Northern Germany, Denmark and in the Netherlands.

#### **Rotogravure printing of catalogues and advertisements.**

28. The Commission in a previous decision, concerning the geographic market for rotogravure printing of German catalogues and advertisements<sup>10</sup> has found that it should include printing in Germany plus its neighbouring countries (France, Belgium, Netherlands, Luxembourg, Switzerland, Austria, Czech Republic, Poland and Denmark) together with Italy and Slovakia. Again, no position had been taken concerning the geographic market definition for other EU countries.
29. The parties submit the markets for rotogravure printing of catalogues and advertisements is wider than previously defined by the Commission and can be considered as EEA-wide for reasons such as uniform prices across the EEA, customers spreading their printing orders across the EEA, low transport costs, evidence of significant trade flows across the EEA, lack of time-criticalness, and absence of specific distribution difficulties. Alternatively, the parties submit that this market should at least include the one defined previously<sup>11</sup> extended to Sweden and the UK. Including all these countries, there would be no affected market. The only affected markets would be Sweden and the United Kingdom in case these two countries were considered to be separate relevant geographical markets.
30. In the present case the exact geographic scope of the market for rotogravure printing of Swedish or British catalogues and advertisements can be left open as no competition concern arise even if, on the narrowest conceivable level, Sweden and the United Kingdom were considered relevant geographic markets.

---

<sup>10</sup> COMP/M.3178 Bertelsmann/Springer.

<sup>11</sup> Germany, France, Belgium, Netherlands, Luxembourg, Switzerland, Austria, Czech Republic, Poland, Denmark, Italy and Slovakia.

## V. COMPETITIVE ASSESSMENT

31. Quebecor rotogravure operations are located in Belgium, France and Finland. Quebecor off-set operations are located in France, Spain, the United Kingdom, Sweden and Austria. RSDB has two rotogravure printing plants in the Netherlands. RSDB also operates three off-set facilities in the Netherlands and one in Hungary.
32. In the following, the market position of the parties and their competitors will be assessed on the basis of their share of the rotogravure printing capacity (capacity of their own rotogravure presses divided by the capacity of all rotogravure presses in position to serve customers in a relevant country). This reference is more adapted than the usual market share based on the proportion of customers served in a relevant country as all presses in the relevant geographic market can serve these customers (same technology, short distance) and have an incentive to fully utilise their printing facilities because the costs of the printing press account for a very considerable share of the total costs for operating the printing facility.
33. On the basis of the geographic market definition set out above for rotogravure printing magazines, The operation would, first, give rise to an affected market for the rotogravure printing of Belgium magazines, where the notifying parties have a capacity share of [40-50]% on the basis of the geographic market definition set out above, including all rotogravure printing facilities located in Belgium, the Netherlands, Western Germany and Northern France. Second, it would give rise to an affected market for the rotogravure printing of Swedish magazines, where the parties have a capacity share of [30-40]% on the basis of the geographic market definition set out above, including all rotogravure printing facilities located in Finland, Northern Germany, Denmark and in the Netherlands<sup>12</sup>.
34. Considering rotogravure printing of catalogues and advertisements a Member-State by Member-State level, the operation would only give rise, under a narrow geographic market definition, to combined shares exceeding 15% in Sweden and the United Kingdom, with market shares of respectively [20-30]% and [10-20]%.

### V.1. Rotogravure printing of Belgian magazines.

35. The notifying parties argue that the proposed transaction will not have any significant impact on competition in Belgium. This is due, in particular, to the existence of strong competitors located in neighbouring countries<sup>13</sup> who are capable to perform rotogravure printing of magazines.
36. Hence, printers like the Lenglet Group, Bagel Gruppe, Schlott and Prinovis are competitors in this market. Based on rotogravure presses located less than 400 km from Brussels, in line with the geographic market definition set out above, Quebecor/RSDB

---

<sup>12</sup> It should be noted that market shares are measured as the share of rotogravure printing capacity of presses in a position to serve the Belgium or Swedish markets.

<sup>13</sup> Considering all rotogravure presses located less than 400 km from Brussels.



enjoys a [40-50]% share of rotogravure printing capacity<sup>14</sup>, significantly higher than the second largest operator, Bagel Gruppe, with [10-20]%.

<b>Rotogravure printing capacity – presses located less than 400 km from Brussels</b>		
Company	Rotogravure printing capacity (presses < 400 km from Brussels) – (kTon/year)	Share of rotogravure printing capacity (%)
<i>Quebecor</i>	[400-500]	[20-30]%
<i>RSDB</i>	[200-300]	[10-20]%
Quebecor-RSDB	[700-800]	[40-50]%
Bagel Gruppe	[200-300]	[10-20]%
Lenglet Group	[100-200]	[0-10]%
Bauer Verlag	[100-200]	[0-10]%
Schlott Gruppe	[100-200]	[0-10]%
Prinovis	[100-200]	[0-10]%
Others	[100-200]	[0-10]%

*Source: notifying parties*

37. The notifying parties consider that such a leading position does not raise any competition issue as there would be an incentive for competitors to supply this market because competitors are sufficiently close to make viable and competitive offers, and because there is a 10-15% overcapacity on the market.
38. These elements have been confirmed in the course of the market investigation. The replies received notably indicate that some customers have indeed sent request for quotation to printers in the neighbouring countries. In the market investigation, one competitor based outside Belgium confirmed that it is already active in printing Belgium and other competitors confirmed that, although they had not actually won any business for the rotogravure printing of Belgium magazines, they would be able to serve Belgian customers. It can therefore be assumed that the presence of these competitors, even if they should not currently serve Belgian customers, will discipline Quebecor and RSDB.
39. In addition the notifying parties submit that customers enjoy substantial countervailing buyer power, partly because they are large sophisticated buyers and partly because they could viably switch to off-set printing in this market.
40. This ability to abandon the rotogravure printing technology to switch to the off-set printing technology was also examined within the market investigation. Customers have indicated that off-set printing may be an alternative in some cases for magazines falling into the overlap where rotogravure as well as offset printing is economically feasible, as outlined above, notably because the number of publications for each Belgium magazine is relatively small (one French and one Dutch versions are required, and the population is only 10 million inhabitants). For those magazines, off-set printers may impose a disciplining constraint on rotogravure printers.

---

<sup>14</sup> It should be noted that would the relevant radius fixed at 300 km or 200 km, the share of capacity enjoyed by Quebecor/RSDB would not significantly change ([40-50]% and [40-50]% respectively).

41. Furthermore, as the Commission has already found in previous decisions, competitors could shift their capacity to a certain extent away from the printing of catalogues and advertisements to the printing of magazines.<sup>15</sup> The capacity shares indicated above for the printing of magazines are therefore not static, but competitors could increase their shares in order to provide for a higher capacity for the printing of magazines. Competitors may also have an incentive to do so as magazines are printed periodically on the basis of longer-term contracts and therefore constitute a base load for the printing capacity. If the base load is increased, the printer has to fill less capacity with short-term orders, in particular advertisements. As a consequence, a higher share of magazines in the product-mix significantly reduces the printer's risk of not fully utilizing the existing machines and the effort of acquiring additional orders to fill the gaps. If the merged entity should attempt to raise prices for the printing of Belgian magazines, competitors may therefore increase the capacity devoted to the printing of magazines and thereby deter the increase of prices.
42. Therefore, it is unlikely that the merger creates any significant impediment of effective competition for the rotogravure printing of magazines market in Belgium.

## **V.2. Rotogravure printing of Swedish magazines.**

43. For Sweden as well, the notifying parties argue that the proposed transaction will not have any significant impact on competition since competitors operated rotogravure presses in neighbouring countries and because customers have sufficient bargaining power due notably to their ability to switch to off-set printing.
44. The notifying parties submit that Sweden relies more heavily on offset printing than it does on rotogravure printing, the reasons being Sweden's relatively small population size makes offset printing more economical, as well as the absence of any rotogravure printing capacity in the country. This means according to the notifying parties that there is a limited number of customers of rotogravure magazine printing services. However, the market investigation has shown that also in Sweden customers consider that for some of their magazines rotogravure printing is required as it is more cost efficient than printing those magazines in offset. This applies in particular to those magazines which do not fall into the overlap where rotogravure as well as offset printing is economically feasible, as outlined above.
45. According to the notifying parties, there is strong competition for the rotogravure market in Sweden. The parties themselves are in second position with a share of rotogravure printing capacity based in neighbouring countries of [30-40]%. Their closest competitors are Prinovis, first with [30-40]% and the Schlott Gruppe, third with [20-30]%. These shares are indicative that the notifying parties would not be in a position to derive a specific market advantage post-merger.

---

<sup>15</sup> M.3178 – Bertelsmann/Springer.

<b>Rotogravure printing capacity – presses serving Swedish customers</b>		
Company	Rotogravure printing capacity (Norway, Finland, Denmark, Northern Germany, The Netherlands) – (kTon/year)	Share of rotogravure printing capacity (%)
<i>Quebecor</i>	[100-200]	[0-10]%
<i>RSDB</i>	[200-300]	[20-30]%
Quebecor-RSDB	[400-500]	[30-40]%
Prinovis	[400-500]	[30-40]%
Schlott Gruppe	[200-300]	[20-30]%
Others	[40-50]	[0-10]%

*Source: notifying parties*

46. In the market investigation, competitors and customers have also confirmed that printers apart from the parties produce Swedish magazines in rotogravure printing and have recently won new contracts.
47. Therefore it is unlikely that the merger creates any significant impediment of effective competition for the rotogravure printing of magazines market in Sweden.

### **V.3. Rotogravure printing of Swedish and British catalogues and advertisements.**

48. Under the conservative assumption that Sweden and United Kingdom are defined as the relevant geographic markets for the rotogravure printing of Swedish and British catalogues and advertisement, the combined market shares (in terms of proportion of British customers) of the parties would be [20-30]% in Sweden and [10-20] %the United Kingdom. These market shares are not deemed to raise any competition concerns.
49. Consequently there is no significant impediment of effective competition for the rotogravure printing of catalogues and advertisements in Sweden and in the United Kingdom.

## **VI. CONCLUSION**

50. 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 (EC) No 139/2004.

For the Commission  
signed  
Neelie KROES  
Member of the Commission