

*Case No IV/M.677 -
Skanska Fastigheter /
Securum Förvaltning*

Only the Swedish text is authentic; this is an unofficial english translation.

REGULATION (EEC) No 4064/89
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
Date: 08/01/1996

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 8.1.1996

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

UNOFFICIAL ENGLISH TRANSLATION

Dear Sirs,

Subject : Case No. IV/M.677 - SKANSKA FASTIGHETER/SECURUM FÖRVALTNING
Notification of 24.11.1995 pursuant to Article 4 of Council Regulation No 4064/89

1. On 24.11.95, the Commission received a notification of a proposed concentration pursuant to Article 4 of a Council Regulation (EC) No. 4064/89⁽¹⁾ by which the undertakings Skanska Fastigheter AB and Securum Förvaltning AB acquire within the meaning of Article 3(1)b of the Council Regulation joint control of the undertaking Padox Hotellfastigheter AB.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market.

I THE PARTIES' ACTIVITIES AND THE OPERATION

3. Skanska Fastigheter AB is a wholly owned subsidiary of Skanska AB and is established in Sweden. Its activities are managing, acquiring and selling real estate and t h e r e t o

⁽¹⁾ OJ No L 395 of 30.12.1989; Corrigendum: OJ No L 257 of 21.09.1990, p. 13.

connected activities and the leasing of hotels to hotel operators and the direct operation of hotels.

4. Securum Förvaltning AB is a wholly owned subsidiary of Securum AB and is also established in Sweden. Its main activities are owning and managing real estate and securities and the leasing of hotels to hotel operators and the direct operation of hotels.
5. Securum Förvaltning AB will acquire 50% of Padox Hotellfastigheter AB, a wholly owned subsidiary of Skanska Fastigheter AB. Following the operation, the parties will transfer to the joint venture their hotel businesses in Sweden, that is the leasing of hotels to hotel operators and the direct operation of hotels.
6. The joint venture will be jointly controlled by the parent companies. They are equally represented in the board and the appointment of the management of the joint venture, as well as alterations of the business plan, requires unanimity of the parent companies. Furthermore, the joint venture will perform on a lasting basis all the functions of an autonomous economic entity and its creation will not give rise to coordination of the competitive behaviour of the parties amongst themselves or between them and the joint venture

II COMMUNITY DIMENSION

7. The undertakings concerned have a combined aggregate worldwide turnover in excess of 5,000 million ECU. Each party has a Community-wide turnover in excess of 250 million ECU, but 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.

III COMPATIBILITY WITH THE COMMON MARKET

A. Relevant product market

8. Two types of businesses will be contributed to the joint venture: The leasing of hotels to hotel operators and the direct operation of hotels.
9. The leasing of hotels can be regarded as a separate market from the leasing of other types of buildings because of the special features required by hotel operators. It may be argued that there exist a certain degree of supply side substitutability, in that other kinds of real estate could be converted into hotels. However, this can only be relevant in a long term context and also requires high investments for the rebuilding and other requirements (as for example sanitary and security demands and fire protection).
10. Accordingly, two product markets are relevant in this case: The leasing of hotel buildings and the provision of hotel services.

B. Relevant geographic market

11. The relevant geographic market for the provision of hotel services appears to be local. The relevant geographic market for the leasing of hotel buildings may be broader in scope. However, it is not necessary to further delineate the relevant geographic markets because even in very narrow geographic markets there is not a significant competitive impact on the EEA area.

C. Assessment

12. In view of the low market shares of the notifying parties even in the narrowest geographic markets (not exceeding 5% in either relevant product market in any local area) it appears that the notified operation will not create or strengthen a dominant position in the common market.

IV CONCLUSION

13. 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 functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89.

For the Commission,