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***Case No COMP/M.7230 - BEKAERT/ PIRELLI STEEL
TYRE CORD BUSINESS***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 30/07/2014

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EUROPEAN COMMISSION

Brussels, 30.7.2014
C(2014) 5553 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying party:

Dear Sirs,

**Subject: Case M.7230 - BEKAERT / PIRELLI STEEL TYRE CORD BUSINESS
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹**

- (1) On 24 June 2014, the European Commission received notification of a proposed concentration pursuant to Article 4 and following a referral pursuant to Article 4(5) of the Merger Regulation by which the undertaking NV Bekaert SA ("Bekaert", Belgium) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the steel tyre cord business of Pirelli Tyre SpA ("Target", Italy) by way of purchase of shares.²

1. THE PARTIES

- (2) **Bekaert** is a global company active in the manufacturing and sale of a wide range of products in the areas of drawn steel wire products, advanced metal transformation as well as advanced materials and coatings. Bekaert's customers include companies in

¹ OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

² Publication in the Official Journal of the European Union No C 207, 3.7.2014, p. 46.

the automotive, construction, energy, agricultural, equipment, basic materials and consumer goods sectors.

- (3) **Pirelli Tyre SpA** ("Pirelli") is a fully-owned subsidiary of Pirelli & C. SpA, a leading tyre manufacturer. The **Target** is a supplier of steel tyre cord, a critical component in the reinforcement of tyres. Its production facilities are located in Italy, Romania, Turkey, Brazil, and China.
- (4) Bekaert is hereinafter referred to as the "Notifying Party" and jointly with the Target as the "Parties".

2. THE TRANSACTION AND THE CONCENTRATION

- (5) The proposed transaction concerns the acquisition by Bekaert of the Target³ by means of a share purchase agreement signed on 27 February 2014 (the "SPA"). Following the completion of the proposed transaction, Bekaert will have sole control⁴ over the various companies constituting the Target.
- (6) Therefore, the proposed transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (7) The operation does not have an EU dimension within the meaning of Article 1 of the Merger Regulation as it does not meet the thresholds of Article 1(2) or Article 1(3).
- (8) However, on 8 April 2014, the Notifying Party informed the Commission by means of a reasoned submission that the concentration was capable of being reviewed under the national competition laws of four Member States⁵ and requested the Commission to examine it. None of the Member States that were competent to examine the concentration indicated its disagreement with the request for referral within the period laid down by the Merger Regulation. The notified operation is therefore deemed to have an EU dimension according to Article 4(5) of the Merger Regulation.

4. COMPETITIVE ASSESSMENT

- (9) The proposed transaction concerns advanced wire products, namely steel tyre cord, bead wire, hose wire and saw wire.

3 Currently the Target consists of shareholdings in the following entities: [...].

4 According to the Notifying Party [Reference to the current ownership of an entity of the Target].

5 Germany, Portugal, Romania and the United Kingdom.

4.1. Relevant Market

4.1.1. Product market definition

4.1.1.1. Steel tyre cord

- (10) Steel tyre cord is used for the reinforcement of various radial tyre parts (such as the belt area and the carcass area) and has a major influence on the tyre's safety and performance. Different types of steel tyre cord may vary in particular with respect to their diameter and number of filaments.⁶ Customers (tyre manufacturers) decide on their required characteristics of steel tyre cord and provide specifications on the basis of which it is produced, through elongating; drawing, coating and bundling of steel wire rod.
- (11) The Notifying Party argues that there is an overall market for steel tyre cord, regardless of its application (passenger cars as opposed to trucks), mainly due to supply-side substitutability as a producer of steel tyre cord will typically have a range of machines to serve the full spectrum of end applications and there is no specialisation as to particular end application among the producers. The Notifying Party further submits that steel tyre cord is produced both by manufacturers which are both vertically integrated (namely producers of car tyres) and non-vertically integrated (namely independent manufacturers of various wire products) and that the former act as a competitive constraint on the latter.
- (12) In the course of market investigation both customers⁷ and competitors⁸ alike acknowledged that there are certain differences between steel tyre cord for passenger cars and for trucks, in particular in terms of design, number of filaments, properties etc. On the other hand the raw material for both types of steel tyre cord is the same,⁹ the production process is similar and the same machines can be used up to a certain point in the production process.¹⁰ The market investigation has also shown that for the majority of competitors the cost of switching between steel tyre cord for passenger cars and trucks are either minor or at most acceptable.¹¹ As regards in-house production of steel tyre cord by tyre manufacturers, the majority of the respondents to the market investigation do maintain such production (in particular to satisfy some specific or strategic needs).¹²

⁶ Minutes of a conference call with competitor dated 5 June 2014.

⁷ Replies to question 8 of the Questionnaire “Q1 Customers – Steel Tyre Cord and Bead Wire”.

⁸ Replies to question 7 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

⁹ Reply of a competitor to question 7.1 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

¹⁰ Replies to questions 9 and 10 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

¹¹ Replies to question 12 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

¹² Replies to question 6 of the Questionnaire “Q1 Customers – Steel Tyre Cord and Bead Wire”.

4.1.1.2. Other wire products

- (13) Another wire product also manufactured from wire rod is **bead wire**. It is used to reinforce tyres and to keep the tyre on the rim and it offers resistance against fatigue, impact, corrosion, and fretting.
- (14) **Hose wire** enables high-pressure hydraulic hose manufacturers to produce braided and spiral wrapped hoses. Such hoses are mainly used in construction equipment, industrial machines (and in particular for motion control hydraulics), mining equipment, agriculture, and oil fields.
- (15) **Saw wire** is used as a cutting tool. Bekaert produces saw wire that is used predominantly in the photovoltaic industry, while the Target produces saw wire that is used for cutting silicon ingots in the semi-conductor industry.
- (16) The Notifying Party submits that there is a certain degree of supply-side substitution between steel tyre cord and the other wire products described above. Most of the steel tyre cord production capacity can be used for making hose wire, bead wire and saw wire and steel tyre cord producers shift between the production of these products depending on changes in demand. The Notifying Party further argues that many steel tyre cord producers will use spare capacity to produce hose wire, and switch back to producing steel tyre cord if there is increased demand for steel tyre cord.
- (17) The market investigation has shown that suppliers of steel tyre cord do switch to the production of hose wire to fill spare capacity.¹³ However, a supply-side substitutability for steel tyre cord and bead wire does not appear to be that strong, since producers of steel tyre cord manufacture bead wire on special, dedicated production lines.¹⁴
- (18) Furthermore the market investigation revealed that while there are various levels of tensile strengths for hose wire, standard hose wire is used for all the various final applications (such as mining equipment, agriculture etc.).¹⁵ Also both saw wire used for (i) photovoltaic industry and for (ii) semiconductor industry is produced on the basis of the same drawing process with only the coating process being different.¹⁶

¹³ Replies to questions 8, 9 of the Questionnaire “Q4 Competitors – Hose Wire”.

¹⁴ Replies to question 16 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

¹⁵ Replies to question 6 of the Questionnaire “Q4 Competitors – Hose Wire”.

¹⁶ Replies to questions 7, 8 of the Questionnaire “Q6 Competitors – Saw Wire.”

4.1.1.3. Conclusion on the product market definition

- (19) For the purpose of this decision, the exact product market definition can be left open as the proposed transaction does not give rise to serious doubts as to its compatibility with the internal market notwithstanding whether steel tyre cord and the other wire products (bead wire, hose wire and saw wire) are considered as part of the same or separate product markets and notwithstanding whether the potential market for steel tyre cord is subsegmented further according to the type of tyre (passenger car tyres as opposed to truck tyres).

4.2. Geographic market

- (20) The Notifying Party submits that the relevant geographic scope of the market for all the products concerned is worldwide or at least an area encompassing the EEA, Belarus and Turkey.
- (21) To support this claim the Notifying Party puts forward the following arguments: (i) significant volume of imports into the EEA; (ii) low transport costs; (iii) similar product specifications and global customer base; and (iv) significant imports from Turkey and Belarus.
- (22) Respondents to the market investigation indicated that contracts for most of the wire products are indeed concluded globally, with the exception of bead wire for which agreements are signed rather on an EEA and regional level.¹⁷ On the other hand some customers value the possibility to source wire products from a plant that is geographically close,¹⁸ Furthermore customers pointed to larger price differences between the EEA and the rest of the world than within the EEA¹⁹ Finally transport costs, in particular within the EEA, appear rather low.²⁰
- (23) The Commission considers that the relevant geographic markets for the products concerned by the proposed transaction are at least EEA-wide. The exact geographic market definition can, however, be left open since the proposed transaction does not raise competition concerns irrespective of the geographic market definition adopted.

¹⁷ Replies to question 12 of the Questionnaire “Q1 Customers - Steel Tyre Cord and Bead Wire”; to question 17 of the Questionnaire “Q2 Competitors - Steel Tyre Cord and Bead Wire”; to question 9 of the Questionnaire “Q3 Customers - Hose Wire”; to question 10 of the Questionnaire “Q4 Competitors - Hose Wire”, to question 9 of the Questionnaire “Q5 Customers - Saw Wire” and to question 10 of the Questionnaire “Q6 Competitors - Hose Wire”.

¹⁸ Replies to question 10 of the Questionnaire “Q3 Customers - Hose Wire”, minutes of a conference all with customer of 5 June 2014.

¹⁹ Replies to questions 13 and 14 of the Questionnaire “Q1 Customers - Steel Tyre Cord and Bead Wire”.

²⁰ Replies to question 19 of the Questionnaire “Q1 Customers - Steel Tyre Cord and Bead Wire”; to question 21.1.2 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”; to question 12 of the Questionnaire “Q3 Customers - Hose Wire” and to question 12 of the Questionnaire “Q5 Customers - Saw Wire”.

4.3. Competitive Assessment

(24) The proposed transaction gives rise to horizontal overlaps in the following potential markets for: (i) steel tyre cord; (ii) bead wire; (iii) hose wire; and (iv) saw wire. There are no vertical relationships between the activities of Bekaert and the Target.

4.3.1. *Steel tyre cord*

(25) According to the Notifying Party, despite the Parties' combined shares in the market for steel tyre cord in the EEA the proposed transaction will not significantly impede effective competition for the following reasons: (i) it will lead to the release into the market of current captive sales of the Target, (ii) Bekaert will not be in the position to materially reduce output [...], (iii) the Parties will continue to face effective competition from suppliers located both within and outside the EEA, (iv) the Parties will continue to be subject to the countervailing buying power of their customers and (v) there are no significant barrier to entry or expansion.

(26) In the overall market encompassing all wire products (that is to say steel tyre cord, bead wire, hose wire and saw wire) the combined market share of the Parties would amount to [20-30]% on a worldwide basis and to almost [30-40]% on an EEA-wide basis.

(27) Following the proposed transaction Bekaert will strengthen its leading position in the merchant market for the supply of steel tyre cord and achieve a market share in the region of [50-60]%. As shown in Table 1 below, the second largest player – the Belarussian company BMZ has a market share of almost [10-20]%, while the third player– the Korean company Kiswire has a share of almost [10-20]%. However a significant part of the needs for steel tyre cord in the EEA is satisfied by the in-house production of large tyre manufacturers, such as Michelin ([10-20]% of the total market) and Continental ([5-10]% of the total market). Also if the market for steel tyre cord is viewed from worldwide perspective, the combined market share of the Parties in the merchant market would amount to almost [30-40]%²¹, with the second player Chinese company Xingda International having [10-20]%.

²¹ The worldwide combined market share of the Parties in the merchant market for steel tyre cord remained stable between 2012 and 2013. In 2011 it amounted to [30-40]%

Table 1: 2013²² EEA market shares for steel tyre cord

Company	Total supplies (captive and merchant market supplies)				Merchant market			
	Volume (kT)	Share (%)	Value (€ M)	Share (%)	Volume (kT)	Share (%)	Value (€ M)	Share (%)
Bekaert	[...]	[20-30]	[...]	[20-30]	[...]	[30-40]	[...]	[30-40]
Pirelli	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]	[...]	[10-20]
Combined	[...]	[40-50]	[...]	[40-50]	[...]	[50-60]	[...]	[50-60]²³
<i>Michelin</i>	[...]	[10-20]	[...]	[10-20]	-	-	-	-
BMZ	[...]	[5-10]	[...]	[5-10]	[...]	[10-20]	[...]	[10-20]
<i>Kiswire</i>	[...]	[5-10]	[...]	[5-10]	[...]	[10-20]	[...]	[10-20]
<i>Hyosung</i>	[...]	[5-10]	[...]	[5-10]	[...]	[5-10]	[...]	[5-10]
<i>Continental</i>	[...]	[5-10]	[...]	[5-10]	-	-	-	-
<i>ArcelorMittal</i>	[...]	[5-10]	[...]	[5-10]	[...]	[5-10]	[...]	[5-10]
<i>Xingda International</i>	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]
<i>Others</i>	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]	[...]	[0-5]
Total	[...]	100	[...]	100	[...]	100	[...]	100

Source: Form CO

- (28) The market for steel tyre cord appears to have gone through different phases²⁴ – in the first one, after its invention by one of the tyre companies it was mainly manufactured in-house. With time so called “independent drawers”, that is to say manufacturers without any tyre activities appeared offering steel tyre cord, which was slowly becoming more of a commoditised product. As a result tyre producers started divesting their in-house steel tyre cord production in order to concentrate on

²² The Parties' shares of the merchant market for steel tyre cord have been fluctuating somewhat over the past three years, with a drop between 2011 and 2012 (from [40-50]% to [40-50]%) and an increase in 2013.

²³ In the potential merchant market for steel tyre cord for passenger cars the combined market share of the Parties would amount to [50-60]% in the EEA and [30-40]% worldwide and for trucks and buses to [40-50]% in the EEA and [30-40]% worldwide.

²⁴ Minutes of conference calls with competitors of 5 June 2014 and of 13 June 2014.

their core activities.²⁵ At the same time through certification and homologation processes²⁶ they maintain strict quality control over their independent steel tyre cord suppliers, which provide them with almost bespoke solutions,²⁷ following their specifications as to the diameter, number of filaments etc. In addition most of the tyre producers have multiple suppliers of steel tyre cord²⁸ and are able to switch their orders between those already homologated, which is one of the sources of their strong bargaining position.²⁹

- (29) As a result, it appears that despite the high market share of the merged entity in the EEA, the proposed transaction does not lead to competition concerns. First of all the position of customers – large multinational tyre producers – who themselves decided to disintegrate and divest their in-house steel tyre cord production, will act as counterbalance to the market position of the merged entity. The Notifying Party argues that it is to a large extent dependent on its customers and to support this argument it states that [...]. The bargaining power of customers is strengthened by the fact that the steel tyre cord market currently suffers from over-capacity. These elements were confirmed in the course of market investigation. Most of the customers who responded to the market investigation consider that their bargaining position vis-à-vis suppliers of steel tyre cord is balanced, in particular due to the overcapacity in the market.³⁰ On the other hand the competitors have the impression that their negotiating position is weaker than their customers' or at most balanced, mainly because these customers are big multinational companies and are able to switch easily between the various suppliers they have qualified.³¹ The majority of competitors also confirmed the existence of spare capacity in the market for steel tyre cord.³² High levels of spare capacity imply that barriers to expansion for existing players are not significant.
- (30) Furthermore the arguments of the Notifying Party as to the competition from low-cost Asian suppliers also appear credible. The main competitors of the Parties, apart from BMZ, are located in China and Korea. Also the credibility of suppliers of steel tyre cord located outside the EEA was confirmed in the market investigation, since all the respondents (both competitors and customers) admitted that these suppliers are able to provide steel tyre cord of a quality comparable with that supplied by manufacturers located in Europe.³³ With respect to potential

25 For instance in 2005 Michelin sold its steel tyre cord plants in the USA, in 2010 Bridgestone sold its plants in China and Italy and in 2011 Goodyear sold its plants in Luxembourg and the USA.

26 Replies to question 26 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire” and to question 20 of the Questionnaire “Q1 Customers – Steel Tyre Cord and Bead Wire”.

27 Replies to question 27 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire” and to question 21 of the Questionnaire “Q1 Customers – Steel Tyre Cord and Bead Wire”.

28 Replies to question 4 of the Questionnaire “Q1 Customers – Steel Tyre Cord and Bead Wire”.

29 Response to question 32 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

30 Replies to question 24 of the Questionnaire „Q1 Customers – Steel Tyre Cord and Bead Wire”, also minutes of conference calls with customers of 5 June 2014 and of 10 June 2014.

31 Replies to question 32 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

32 Replies to question 38 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

33 Replies to question 22 of the Questionnaire „Q1 Customers – Steel Tyre Cord and Bead Wire” and to question 28 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

barriers to trade between Asia and Europe the main obstacle mentioned was merely the longer delivery time though this has not prevented Asian suppliers such as Kiswire, Hyosung and Xingda International from meeting a non-negligible share of demand in the EEA.³⁴

- (31) Finally no substantiated concerns were raised in the course of market investigation as to the impact of the proposed transaction. Most of the customers who responded to the market investigation do not consider that after the proposed transaction the merged entity would become their unavoidable supplier of steel tyre cord³⁵ and the majority considers that there are sufficient alternative suppliers.³⁶ One customer which expressed an opinion that their choice of European suppliers may be limited after the proposed transaction, admitted that there are other potential players in the Far East.³⁷ As to competitors, one of them noted that after the proposed transaction customers might be more inclined to support smaller producers of steel tyre cord, in order to maintain their multi-sourcing strategies.³⁸

4.3.2. *Other wire products*

- (32) As regards **hose wire** the Notifying Party argues that the proposed transaction would not significantly impede effective competition due to (i) the existence of strong rivals, competitive pressure from large multinational customers and (iii) significant spare capacity.
- (33) With respect to hose wire, the merged entity, with a share of [30-40]% would be the second player in the EEA market after BMZ which has a market share of [40-50]%. At the worldwide level, the merged entity would become the market leader with [20-30]% but the increment resulting from the proposed transaction would be small at less than [0-5]% and it would continue to face competitive pressure from a number of other suppliers including Best (market share of [10-20]%), BMZ (market share of almost [10-20]%) and Yongli (market share of [5-10]%).

³⁴ Replies to question 16.1 of the Questionnaire “Q1 Customers – Steel Tyre Cord and Bead Wire”.

³⁵ Replies to question 29 of the Questionnaire „Q1 Customers – Steel Tyre Cord and Bead Wire”.

³⁶ Replies to question 30 of the Questionnaire „Q1 Customers – Steel Tyre Cord and Bead Wire”.

³⁷ Replies to question 29 and 31 of the Questionnaire „Q1 Customers – Steel Tyre Cord and Bead Wire”.

³⁸ Reply to question 41.1 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

Table 2: 2013 EEA and worldwide market for hose wire

Company	Worldwide				EEA			
	Volume (kT)	Share (%)	Value (€ M)	Share (%)	Volume (kT)	Share (%)	Value (€ M)	Share (%)
Bekaert	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]	[...]	[20-30]
Pirelli	[...]	[0-5]	[...]	[0-5]	[...]	[10-20]	[...]	[10-20]
<i>Combined</i>	[...]	[20-30]	[...]	[20-30]	[...]	[30-40]	[...]	[30-40]
<i>Best</i>	[...]	[10-20]	[...]	[10-20]	[...]	[5-10]	[...]	[5-10]
<i>BMZ</i>	[...]	[10-20]	[...]	[10-20]	[...]	[40-50]	[...]	[40-50]
<i>Yongli</i>	[...]	[5-10]	[...]	[5-10]	-	-	-	-
<i>Audlon</i>	[...]	[5-10]	[...]	[5-10]	-	-	-	-
<i>ArcelorMittal</i>	[...]	[5-10]	[...]	[5-10]	-	-	-	-
<i>Kiswire</i>	[...]	[5-10]	[...]	[5-10]	-	-	-	-
<i>Sumin</i>	[...]	[0-5]	[...]	[0-5]	-	-	-	-
<i>Others</i>	[...]	[10-20]	[...]	[10-20]	[...]	[5-10]	[...]	[5-10]
Total	[...]	100	[...]	100	[...]	100	[...]	100

Source: Form CO

- (34) The results of the market investigation suggest that despite the significant position of the merged entity in the market for hose wire in the EEA, the proposed transaction is unlikely to give rise to competition concerns. In particular all of the customers state that there are sufficient alternatives to the Parties³⁹ and an overwhelming majority of customers consider that suppliers located outside the EEA offer hose wire comparable to that of EEA players.⁴⁰ As a result the overwhelming majority of customers do not see the proposed transaction as conferring a competitive advantage to Bekaert over other suppliers of hose wire⁴¹ and state that there will be no impact of the concentration on their companies.⁴² Also competitors do not see any barriers for entering the hose wire market⁴³ and

³⁹ Replies to question 14 of the Questionnaire “Q3 Customers – Hose Wire”.

⁴⁰ Replies to question 15 of the Questionnaire “Q3 Customers – Hose Wire”.

⁴¹ Replies to question 16 of the Questionnaire “Q3 Customers – Hose Wire”.

⁴² Replies to question 17 of the Questionnaire “Q3 Customers – Hose Wire”.

⁴³ Replies to question 16 of the Questionnaire “Q4 Competitors – Hose Wire”.

confirm that competition in the market is intense in particular due to the pressure of the Asian suppliers.⁴⁴

- (35) As regards **bead wire** the impact of the proposed transaction is de minimis, since the Target is not active in the merchant market for bead wire and only produces limited amounts of this product outside the EEA. As a result the combined market share of the Parties on a worldwide level would amount to [10-20]% with an increment of [0-5]% meaning that this market would not be affected by the proposed transaction.⁴⁵
- (36) Customers of bead wire have noted the lack of overlap between the Parties in the merchant market and as a result they do not expect any impact as a result of the proposed transaction.⁴⁶ However one of the competitors of Bekaert noted that after the proposed transaction the strong position of the Parties in steel tyre cord may be used to bundle this product with bead wire to the disadvantage of producers of the latter.⁴⁷ However Bekaert already had the ability to bundle bead wire with steel tyre cord and the addition of the Target, with its limited bead wire activities, will not modify this to an appreciable extent. Furthermore it appears that the strong countervailing position of customers for bead wire (which similarly as for steel tyre cord are the big, multinational tyre manufacturers) will prevent this strategy from causing anti-competitive effects in the market for bead wire.
- (37) With respect to **saw wire** the Notifying Party states that the increment resulting from the proposed transaction is small and that this particular market is experiencing a significant decline in demand, which puts pressure on the prices.
- (38) On a worldwide basis the merged entity would be the market leader for saw wire with share of [30-40]% (with an increment of [0-5]%) followed by the Chinese companies Naisi & Sunnywell ([10-20]%) and Fundant ([10-20]%). On an EEA-wide basis the combined market share of the Parties would amount to [60-70]% (with an increment of [5-10]%), while ArcelorMittal would have almost [10-20]% and JFS [10-20]%.
- (39) The market for saw wire decreased significantly since 2011⁴⁸ with most of the suppliers relocating to Asia and the over-capacity of the European suppliers increasing.⁴⁹ This has had a strong impact on prices in the market by driving them downwards.⁵⁰ Furthermore customers and competitors confirmed that the Target's

44 Reply to question 17 of the Questionnaire "Q4 Competitors – Hose Wire".

45 Affected market for bead wire arises only on the basis of its geographic scope including EEA, Belarus and Turkey, with the combined market share of the Parties amounting to [20-30]% and an increment of [0-5]%.

46 Replies to question 28.2 of the Questionnaire „Q1 Customers – Steel Tyre Cord and Bead Wire”.

47 Reply to question 41 of the Questionnaire “Q2 Competitors – Steel Tyre Cord and Bead Wire”.

48 According to the Notifying Party the total world market for saw wire amounted to [...] kT in 2011 and [...] kT in 2013; while in the EEA it amounted to [...] kT in 2011 and only [...] kT in 2013.

49 Minutes of a conference call with a competitor of 13 June 2014 and with a customer of 20 June 2014.

50 Reply to question 17 of the Questionnaire „Q6 Competitors – Saw Wire”.

position in the saw wire market is not significant⁵¹ and that in fact the Parties do not offer competing products in that segment.⁵² As a result it can be concluded that the proposed transaction will not lead to any competition concerns in the market for saw wire.

5. CONCLUSION

- (40) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

*For the Commission
(signed)
Ferdinando NELLI FEROCI
Member of the Commission*

⁵¹ Reply to question 21 of the Questionnaire „Q6 Competitors – Saw Wire”.

⁵² Reply to question 18.1 of the Questionnaire „Q5 Customers – Saw Wire”.