



EUROPEAN COMMISSION  
DG Competition

***Case M.8000 - DCC / DANSK FUELS***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 20/06/2016

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**Subject: Case M. 8000 – DCC / Dansk Fuels  
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup> and Article 57 of the Agreement on the European Economic Area<sup>2</sup>**

(1) On 13 May 2016, the European Commission received notification of a proposed concentration ("Proposed Transaction or Transaction") pursuant to Article 4 of the Merger Regulation by which DCC Holdings ("DCC", Denmark) will acquire sole control within the meaning of Article 3(1)(b) of the Merger Regulation over Dansk Fuels A/S ("Dansk Fuels", Denmark).<sup>3</sup> (DCC is designated hereinafter as the "Notifying Party" and both DCC and Dansk Fuels are designated hereinafter as the "Parties").

## **1. THE PARTIES**

(2) DCC operates across four divisions in the fields of technology, healthcare, environment and energy. DCC is active in Denmark in the non-retail supply of refined oil products as a distributor of Shell-branded commercial fuels.

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<sup>1</sup> 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.

<sup>2</sup> OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

<sup>3</sup> Publication in the Official Journal of the European Union No C 184, 21/05/2016, p. 6.

- (3) Dansk Fuels is active in Denmark in the non-retail sales of aviation fuels and refined oil products, as well as the retail sales of motor fuels via a nationwide network of 205 Shell-branded fuel stations.

## **2. THE OPERATION AND CONCENTRATION**

- (4) The current Transaction is related to case M.7603, pursuant to which Statoil Fuel and Retail ("SFR") acquired Shell's Danish retail, non-retail and aviation fuels' businesses, Dansk Fuels.<sup>4</sup> As a condition to the Commission's clearance of that transaction, SFR undertook to divest certain assets. These assets are the only assets currently owned by Dansk Fuels.
- (5) DCC will acquire a 100% shareholding in Dansk Fuels with its current assets, from SFR. As a result of the "Proposed Transaction" DCC will acquire sole control over Dansk Fuels. Therefore, the Proposed Transaction constitutes a concentration pursuant to Article 3(1)(b) of the Merger Regulation.

## **3. EU DIMENSION**

- (6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million<sup>5</sup> (DCC: EUR [...], Dansk Fuels: EUR [...]). Each of them has an EU-wide turnover in excess of EUR 250 million (DCC: EUR [...], Dansk Fuels: [...]), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.
- (7) Therefore, the concentration has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

## **4. RELEVANT MARKETS**

- (8) Regarding the market of supply of refined oil products the Commission has previously distinguished three different levels: ex-refinery sales, non-retail sales and retail sales.<sup>6</sup> DCC is active at the non-retail and Dansk Fuels is active on both the non-retail and the retail level.

### **4.1. Non-retail sales of refined oil products**

- (9) In its previous decisions the Commission considered that the non-retail market of refined oil products consists of the wholesale supply to independent resellers or retailers not integrated upstream (e.g. unbranded service station operators such as hypermarkets) as well as to large industrial and commercial end-customers (hospitals, car rental fleets, factories, etc.). The Commission has also stated that the

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<sup>4</sup> See the European Commission's press release available at [http://europa.eu/rapid/press-release\\_IP-16-1061\\_en.htm](http://europa.eu/rapid/press-release_IP-16-1061_en.htm).

<sup>5</sup> Turnover calculated in accordance with Article 5 of the Merger Regulation.

<sup>6</sup> See cases COMP/M.6801 – Rosneft / TNK-BP (2013); COMP/M.6463 – Marquard & Bahls / Bominflot (2012); COMP/M.6261 – North Sea / Argos Group / JV (2011); COMP/M.6151 – Petrochina / Ineos / JV (2011); COMP/M4348 – PKN/Mazeikiu (2006).

non-retail sale of each of these refined fuel products constitutes a distinct relevant product market.<sup>7</sup>

- (10) In a previous decision, the Commission also considered whether a further distinction should be made between: 1) sales to resellers/retailers and 2) sales to end-customers.<sup>8</sup>
- (11) The Notifying Party claims that all sales made on the non-retail level should be seen as one market and therefore not be broken down by different refined oil products.
- (12) The Commission considers that the precise product market definition can be left open, since the Proposed Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product market definition.
- (13) In its previous decisions the Commission has considered non-retail sales of refined fuels as national in scope.<sup>9</sup> The Notifying Party agrees with the Commission's market definition.
- (14) The Commission considers that the precise geographic market definition can be left open, since the Proposed Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product market definition.

#### **4.2. Retail sales of motor fuels**

- (15) The Commission in its previous decisions considered that the retail sales of motor fuels encompasses sales made at all service stations, both branded and unbranded, in- and outside an integrated retail network. A further sub-segmentation of the overall market for the retail sales of motor fuels has previously been considered (and left open), into motorway and non-motorway sales, or into sales made from (i) motorway stations, (ii) rural stations, (iii) diesel truck stations, and (iv) marine stations. The market was also further segmented into retail sales of motor fuel to business customers (B2B) and to end-customers (B2C). However, the final product market definition was left open.<sup>10</sup>
- (16) As to the geographic market definition, the Commission has considered this market as national in scope but with strong local elements as vehicle owners usually resort to service stations in their vicinity.<sup>11</sup> The Notifying Party agrees with the Commission's market definition.

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<sup>7</sup> See cases COMP/M.4545 Statoil / Hydro (2007); COMP/M.5005 Galp Energia / Exxonmobil Iberia (2008); COMP/M.5169 Galp Energia Espana / Agip Espana (2008).

<sup>8</sup> See cases COMP/M. 7603 Statoil Fuel and Retail / Dansk Fuels (2016).

<sup>9</sup> See cases COMP/M.4545 Statoil / Hydro (2007); COMP/M.5005 Galp Energia / ExxonMobil Iberia (2008); COMP/M.5846 Shell / Cosan / JV (2011).

<sup>10</sup> See case COMP/M.7603 Statoil Fuel and Retail / Dansk Fuels (2016); COMP/M.7849 MOL / ENI Hungaria / ENI Slovenija (2016).

<sup>11</sup> See case COMP/M.7603 Statoil Fuel and Retail / Dansk Fuels (2016); COMP/M.7849 MOL / ENI Hungaria / ENI Slovenija (2016).

- (17) The Proposed Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product and geographic market definition; hence the precise market definition can be left open.

## 5. COMPETITIVE ASSESSMENT

- (18) In Denmark, end-customers on the non-retail market procure their supplies both from large distributors of branded products which acquire their refined oil products directly from refineries and have access to various terminal storage capacity in Denmark to store these products, and from resellers which do not have supply agreements in place with refineries and have no access to storage capacity.
- (19) As a result, the market for the non-retail supply of the various refined oil products to end-customers can be said to be "downstream" from the market for the non-retail supply of these same product to resellers/retailers ("upstream"). Although the focus of Dansk Fuels' non-retail activity is on the sales to resellers (mostly DCC) and retailers, Dansk Fuels also supplies end-customers directly. On the other hand, DCC is only active in the non-retail sales of refined oil products to end-customers.<sup>12</sup>
- (20) The market structure in the above mentioned plausible markets is provided in Tables 1, 2, 3, 4 and 5.

**Gasoline – Table 1**

Market shares	Resellers/Retailers	End-customers
DCC	[0-5]%	[5-10]%
Dansk Fuels	[60-70]%	[5-10]%
<b>Combined market share</b>	[60-70]%	[10-20]%
SFR	[0-5]%	[10-20]%
OK	[0-5]%	[5-10]%
Q8	[0-5]%	[30-40]%
Uno-X	[0-5]%	[20-40]%
Others	[30-40]%	[0-5]%

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<sup>12</sup> On the various markets for the non-retail supply of refined oil products to resellers, the Commission only considered the sales of wholesalers acquiring their refined oil products from refineries, not sales of resellers between themselves. DCC resell a very small part of its supplies from Dansk Fuels ([Details on DCC's sales and customer relations]) to other resellers, the rest is sold on the end-customers segment. For the calculation of market shares, sales of DCC to other resellers were considered as sales of Dansk Fuels to resellers.

DCC and the other large resellers active on the market for the non-retail sales of refined oil products to end-customers do not have access to storage capacities in Denmark. They can therefore not rely on ex-refinery supplies, but instead rely on non-retail suppliers with access to storage scattered around Denmark, which can supply them ex-rack from these terminals.

**Diesel – Table 2**

Market shares	Resellers/Retailers	End-customers
DCC	[0-5]%	[20-30]%
Dansk Fuels	[60-70]%	[0-5]%
<b>Combined market share</b>	[60-70]%	[20-30]%
SFR	[20-30]%	[10-20]%
OK	[0-5]%	[10-20]%
Q8	[0-5]%	[10-20]%
Uno-X	[0-5]%	[10-20]%
DLA	[0-5]%	[5-10]%
Others	[0-5]%	[0-5]%

**Heating oil – Table 3**

Market shares	Resellers/Retailers	End-customers
DCC	[0-5]%	[10-20]%
Dansk Fuels	[70-80]%	[0-5]%
<b>Combined market share</b>	[40-50]%	[10-20]%
SFR	[10-20]%	[10-20]%
OK	[0-5]%	[20-30]%
Q8	[0-5]%	[10-20]%
Uno-X	[0-5]%	[10-20]%
DLA		[0-5]%
Others	[0-5]%	[5-10]%

**Gasoil – Table 4**

Market shares	Resellers/Retailers	End-customers
DCC	[0-5]%	[30-40]%
Dansk Fuels	[90-100]%	[0-5]%
<b>Combined market share</b>	[90-100]%	[30-40]%
SFR	[0-5]%	[5-10]%
OK	[0-5]%	[0-5]%
Q8	[0-5]%	[10-20]%
Uno-X	[0-5]%	[40-50]%
Others	[0-5]%	[0-5]%

**Heavy fuel oil – Table 5**

Market shares	Resellers/Retailers	End-customers
DCC	[0-5]%	[5-10]%
Dansk Fuels	[80-90]%	[70-80]%
<b>Combined market share</b>	[80-90]%	[70-80]%
SFR	[10-20]%	[0-5]%
OK	[0-5]%	[0-5]%
Q8	[0-5]%	[0-5]%
Uno-X	[0-5]%	[0-5]%
DLA	[0-5]%	[0-5]%
Others	[0-5]%	[10-20]%

- (21) In section 5.1, the Commission assesses the horizontal overlap of the Parties on the plausible markets for the non-retail sales of refined oil products to end-customers. In section 5.2, the Commission assesses the vertical overlap that arises from (1) Dansk fuels' activity on the plausible markets for the non-retail sales of the various refined oil products to resellers and retailers and (2) DCC's activity on the

plausible markets for the non-retail sales of refined oil products to end-customers. This vertical link was pre-existent to the Transaction, as Dansk Fuels already supplied end-customers.

### **5.1. Horizontal effects**

- (22) The Proposed Transaction gives rise to the following horizontally affected plausible markets in Denmark: (i) non-retail supply of diesel to end-customers; (ii) non-retail supply of gasoil to end-customers and (iii) non-retail supply of heavy fuel oil to end-customers.
- (23) The Notifying Party claims that the Proposed Transaction will not raise any competitions concerns. The main arguments provided are: 1) DCC is active as a distribution business. They do not store, process or otherwise alter the refined oil fuel products picked up from the refinery or terminal. This business model is different from the one of large suppliers that have significant fixed infrastructure costs. Therefore DCC is not a strong competitor in the non-retail refined oil products market; 2) post-transaction the combined entity will face strong competition from vertically integrated competitors such as SFR, Q8 and Uno-X.
- (24) The Commission considers that the Transaction will not have a significant impact on the market structure in the non-retail sales of the refined oil products in Denmark.
- (25) First, the Parties face intense competition in Denmark from large and sophisticated vertically integrated companies such as SFR, Q8 and others. These competitors have significant capacity and can respond timely and effectively to any potential price increases.
- (26) Moreover, DCC and Dansk Fuels are not close competitors and do not exercise a significant competitive constraint on each other. Prior to the Proposed Transaction, Dansk Fuels and DCC focused their businesses on different customer groups. Accordingly, the acquisition does not remove a significant competitive constraint on the non-retail market for the supply of refined oil products.
- (27) In addition, the increment brought by the Proposed Transaction to the market share of the merged entity would be small in both the non-retail sales of diesel to end-customers ([0-5]%) and the non-retail sales of gasoil to end-customers ([0-5]%), and limited in the case of heating oil ([5-10]%).
- (28) Taking into consideration all the available evidence, the Commission considers that the Proposed Transaction does not raise doubts as to its compatibility with the internal market as a result of horizontal effects.

### **5.2. Non-horizontal effects**

- (29) The Transaction gives rise to vertically affected markets in Denmark with regard to (1) the non-retail sale of the various refined oil products (gasoline, diesel, light heating oil, gasoil and heavy fuel oil) to resellers and retailers (upstream) and (2) the non-retail sale of the corresponding products to end-customers (downstream).
- (30) For all refined oil products, most of the sales to end-customers are done by vertically integrated groups such as Dansk Fuels, SFR, Q8, Uno-X and OK. These groups acquire their refined oil products directly from refineries and store them in

storage terminals scattered around Denmark. The only sizeable resellers are DCC and to a more limited extent DLA. The merged entity will therefore not be able to raise the costs of the large majority of its competitors on the end-customers segment (as they are all vertically integrated), and will therefore not be able to reduce the competitive constraint it faces when supplying end-customers.

- (31) In relation to *gasoline*, the Commission considers that the competitive effects of the Proposed Transaction will be limited. DCC's presence in the non-retail supply to end-customers is very limited ([5-10]%) and the Transaction is therefore not expected to reinforce Dansk Fuel's pre-existing position in this plausible market. Moreover, resellers only play a marginal role in the non-retail sales of gasoline to end-customers, and do not exert any significant competitive constraint on the vertically integrated groups such as Dansk Fuels, SFR, Q8, Uno-X and OK. In fact, most of Dansk Fuels' sales are sales to retailers active on the retail market for motor fuels. [Details on Dansk Fuels' customer relationships]. Therefore, the Commission considers that the Transaction does not raise any foreclosure concerns.
- (32) In relation to *diesel*, the increment brought about by the Transaction downstream is [20-30]%. However, the merged entity would not be able to significantly reduce the competitive constraint it faces on the plausible market for the non-retail sales of diesel to end-customers (e.g. by raising the costs of resellers), because almost all of its competitors are vertically integrated (SFR, OK, Q8 and Uno-X). The merged entity will therefore continue to face significant competition from these large, sophisticated and vertically integrated competitors.
- (33) In relation to *heating oil*, the increment brought about by the Transaction downstream is [10-20]%. As for diesel however, resellers do not really exert a significant constraint on Dansk Fuels in the plausible market for the non-retail sales of heating oil to end-customers. On the other hand, the merged entity will not be able to raise the costs of its main rivals on this plausible market – i.e. SFR, OK, Q8 and Uno-X – as they are all vertically integrated. The merged entity will therefore continue to face significant competition from these large, sophisticated and vertically integrated competitors.
- (34) In relation to *gasoil*, the increment brought about by the Transaction downstream is [30-40]%. Again, this will not allow the merged entity to foreclose competitors downstream as its main rivals are all vertically integrated.
- (35) In relation to *heavy fuel oil*, the increment brought about by the Transaction downstream is only [5-10]%. This should not significantly change the market position of the merged entity (Dansk Fuels already had a market share of [70-80]% downstream). In any event, as for the other markets, the Transaction does not raise any foreclosure concerns because resellers are almost inexistent on that market, except for DCC and to a very limited extent DLA. Instead competition takes place mainly between vertically integrated companies which source their heavy fuel oils directly from refineries.
- (36) Based on the above, the Proposed Transaction is unlikely to raise doubts as to its compatibility with the internal market as a result of non-horizontal effects in relation to the markets for non-retail supply to retailers/resellers and the non-retail supply to end-customers.



**6. CONCLUSION**

- (37) 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 and Article 57 of the EEA Agreement.

*For the Commission*  
*(Signed)*  
*Margrethe VESTAGER*  
*Member of the Commission*