



EUROPEAN COMMISSION
DG Competition

Case M.8099 - NISSAN / MITSUBISHI

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 05/10/2016

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EUROPEAN COMMISSION

Brussels, 05/10/2016
C(2016) 6503 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the Notifying Party

Dear Sir/Madam,

**Subject: Case M.8099 - NISSAN / MITSUBISHI
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹ and Article 57 of the Agreement on the European Economic
Area²**

(1) On 31 August 2016, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Nissan Motor Co., Ltd. ('Nissan' or 'Notifying Party', Japan), controlled by Renault (France), acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of Mitsubishi Motors Corporation ('MMC' or 'the target', Japan) by way of purchase of shares.³ (Nissan and MMC are designated hereinafter as the 'Parties').

1. THE PARTIES

(2) Renault is a multinational automobile manufacturer headquartered in France. It mainly manufactures and sells automotive vehicles under the "Renault", "Dacia"

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 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

³ Publication in the Official Journal of the European Union No C 30.08.09.2016, p. 4.

and "Renault Samsung Motors" brands. Renault's vehicles cover several types of passenger cars ("PCs") and light commercial vehicles ("LCVs").

- (3) Nissan is a Japanese multinational stock corporation, which is mainly active in the manufacturing and sale of automotive vehicles. Nissan's vehicles cover several types of PCs and LCVs. Nissan is de facto solely controlled by Renault, as ascertained by the Commission in case IV/M.1519 – Renault/Nissan after the acquisition by Renault of a participating interest equal to 36,8% in Nissan. Since then, Renault acquired further shares in Nissan and now owns a participating interest equal to 43.4%. The Notifying Party confirmed that Renault currently still exercises sole control over Nissan.
- (4) MMC is a Japanese multinational automobile manufacturer, which manufactures and sells automotive vehicles. MMC's vehicles include both PCs and LCVs.

2. THE OPERATION

- (5) The transaction consists of Nissan acquiring 506 620 577 newly issued shares of common stock in MMC. These shares represent a 34% participation in MMC. The remaining shares will be held by Mitsubishi Heavy Industries ([...]%), Mitsubishi Cooperation ([...]%), MHI Investment Fund #1 ([...]%), Bank of Tokyo-Mitsubishi UFJ ([...]%) MHI Investment Fund #2 ([...]%) (together, the "Existing Shareholders") and others (43.56%).
- (6) In addition, the Parties entered into a Strategic Alliance Agreement ("SAA"), which confers specific rights to the shareholding of Nissan. Particularly, as long as Nissan owns at least 20% of the issued and outstanding shares and voting rights of MMC:
 - a. Nissan will have the right to veto [Details concerning Nissan's veto rights]⁴; and,
 - b. at least one of the Nissan directors in MMC's Board of Directors must approve all decisions regarding [Details concerning Nissan's veto rights].
- (7) The Notifying Party confirmed that none of MMC's other shareholders will enjoy such veto rights. The Notifying Party has further confirmed that – despite the fact that they all have the "Mitsubishi" denomination in their corporate names, none of the listed major minority shareholders has control over any of the other listed major minority shareholders, that there are no cross shareholdings between them and that they do not hold veto rights over each other's strategic business decisions.
- (8) Following the "Transaction", Nissan will therefore acquire negative sole control over MMC within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (9) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁵ (MMC: EUR 17 122 million; Nissan: EUR 98 885

⁴ Section 5.5 of the Strategic Alliance Agreement

million; Renault: EUR 49 743 million). Each of them has an EU-wide turnover in excess of EUR 250 million (MMC: EUR [...] million; Nissan: EUR [...] million, Renault: EUR [...] million), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The concentration therefore has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

- (10) Both Parties produce passenger cars, commercial vehicles as well as components and spare parts for original equipment manufacturers and services (hereafter: “OEM/OES”) and for the independent after-market (hereafter: “IAM”).

4.1. Relevant markets

4.1.1. Passenger Cars

Product market

- (11) The Commission has in the past considered separate relevant product markets for the manufacture and supply of passenger cars and for the manufacture and supply of commercial vehicles.⁶ The Notifying Party agrees with this distinction, which is retained for the case at hand.
- (12) Within the market for passenger cars, the Commission has in the past considered distinct markets for 1) mini cars, 2) small cars, 3) medium cars, 4) large cars, 5) executive cars, 6) luxury cars, 7) sports coupés, 8) multi-purpose cars and 9) sports utility vehicles (SUVs).⁷ The Notifying Party does not contest this product market definition.
- (13) In the market investigation, the large majority of competitors and retail customers confirmed this market segmentation. Some retail customers and many competitors indicated that the SUV segment could warrant a further sub-segmentation by size into small, medium and large SUVs.⁸ However, while the majority of retail customers indicated that there is no direct substitution between large and small SUVs, the large majority of retail customers consider that there is substitution between big and small SUVs via the medium-sized SUV segment.⁹

Geographic market

- (14) The Commission has in the past considered the geographic scope of these markets to be EEA-wide or national.¹⁰ The Notifying Party does not contest this geographic market definition.

⁵ Turnover calculated in accordance with Article 5 of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C 95, 16.4.2008, p. 1).

⁶ COMP IV/M.1519, Renault/Nissan; COMP M.5518 Fiat / Chrysler.

⁷ COMP/M.5518 Fiat / Chrysler; COMP/M.1452 Ford / Volvo; COMP/M.2832 General Motors / Daewoo Motors.

⁸ Questionnaire to competitors, question 7.

⁹ Questionnaire to customers, question 6.

¹⁰ COMP/M.6083 FIAT / GM / VM Motori JV; COMP/M.5061 Renault / Russian Technologies / Avotaz.

- (15) In the market investigation, the large majority of competitors and retail customers confirmed that there are significant price differences between the prices for passenger cars in different Member States, mainly due to different national tax regimes. The market investigation has also shown that the large majority of competitors have different price lists per Member States. The market investigation has further shown that retail customers generally do not sell cars to end customers in other Member States.

Conclusion

- (16) In any case, for the purpose of this decision the Commission considers that the exact scope of the market definition can be left open, as the Transaction does not give rise to serious doubts even under the narrowest possible market definition.

4.1.2. *Commercial Vehicles*

Product market

- (17) Within the market for the manufacture and supply of commercial vehicles, the Commission has in the past considered a market distinction by weight with distinct markets for 1) light commercial vehicles, 2) medium trucks, and 3) heavy trucks.¹¹ The Notifying Party does not contest this product market definition.

- (18) In the market investigation, the large majority of those competitors active in this segment has confirmed this market segmentation.¹² While some competitors noted that pick-up trucks may also be purchased for private use, most competitors consider pick-up trucks as LCVs, partly because they are usually registered and homologated as commercial vehicles. However, some competitors indicated that the pick-up truck segment could constitute a distinct market for LCVs, because they can transport both goods and people. One customer noted that demand for pick-up trucks comes mainly from craftspeople and farmers.

Geographic market

- (19) The Commission has in the past considered the geographic scope of these markets to be EEA-wide or national.¹³ The Notifying Party does not contest this geographic market definition.
- (20) In the market investigation, the large majority of competitors confirmed that there are significant price differences between the prices for LCVs in different Member States, mainly due to different national tax regimes. The market investigation has also shown that the large majority of competitors have different price lists per Member States.

¹¹ COMP/M.6267 Volkswagen / MAN.

¹² Questionnaire to competitors, questions 10 and 11.

¹³ COMP/M.5157 Volkswagen / Scania.

Conclusion

- (21) In any case, for the purpose of this decision the Commission considers that the exact scope of the market definition can be left open, as the Transaction does not give rise to serious doubts even under the narrowest possible market definition.

4.1.3. Automotive components

Product market

- (22) The Commission has in the past delineated markets for the manufacture and supply of components for the automotive industry on a product-by-product basis. Furthermore, the Commission has in the past made a distinction between the main two distribution channels in which the products are sold.¹⁴
- (23) Firstly, manufacturers may sell automotive components to car manufacturers for installation on new vehicles (OEM market) as well as to their authorised dealers, i.e. original equipment suppliers (OES market) for the replacement of components in authorised dealers' garages (together OEM/OES market).¹⁵ As regards the OEM/OES market, the Commission has in the past further segmented the markets for the original components by car brand.¹⁶
- (24) Secondly, manufacturers may sell automotive components to independent wholesalers for the replacement of components in independent garages (independent after market – "IAM").¹⁷ Notifying Party does not contest these product market definitions, which are retained for the case at hand.

Geographic market

- (25) As regards the OEM/OES markets, the Commission has in the past considered the geographic scope of these markets to be national or EEA-wide in scope.¹⁸
- (26) As regards the IAM markets, the Commission has in the past considered these markets to be national in scope.

Conclusion

- (27) In any case, for the purpose of this decision the Commission considers that the exact scope of the market definition can be left open, as the Transaction does not give rise to serious doubts under the narrowest possible market definition.

¹⁴ COMP/M.7796, Linamar/Montupet; COMP/M.7401; Blackstone/Alliance BV/Alliance automotive group; COMP/M.6319 Triton Europart; COMP/M.6063 Itochu / Speedy; COMP/M.6718 Toyota Tsusho Corporation / CFAO.

¹⁵ COMP/M.6063 Itochu / Speedy.

¹⁶ COMP/M.6063 Itochu / Speedy.

¹⁷ COMP/M.7400 Federal-Mogul Corporation/TRW Engine Components; COMP/M.3622 Valeo/Engel.

¹⁸ COMP/M.5250 Porsche / Volkswagen.

5. COMPETITIVE ASSESSMENT

5.1. Horizontal non-coordinated effects

5.1.1. *Manufacture and sale of PCs*

- (28) The Parties' combined share in the market of passenger cars in the EEA amounts to [10-20]% (Renault-Nissan: [10-20]%; MMC [0-5]%¹⁹). The transaction does therefore not give rise to an affected market with regard to passenger cars on an EEA level.
- (29) On a national level, the Transaction gives rise to affected markets in Bulgaria, France, Latvia, Portugal, Romania and Slovenia. With the exception of Romania, in all affected countries, the combined market share of the Parties is between 20% and 30% with an increment of [0-5]% or less. In Romania, the Parties account for [40-50]% of the market, with an overlap of [0-5]%. In each market, there are numerous other players such as Volkswagen, PSA, Ford, Toyota, Hyundai, Daimler, GM and BMW, with shares that are significantly higher than MMC.²⁰ Furthermore, customers do not generally view Renault-Nissan and MMC as close competitors.²¹ For these reasons, the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the market for passenger cars in Bulgaria, France, Latvia, Portugal, Romania and Slovenia.

5.1.2. *Manufacture and sale of mini cars*

- (30) In the segment for mini cars, the Transaction gives rise to an affected market only in France, where the combined market share of the Parties is [20-30]%, with a minimal increment of [0-5]% (MMC). The Parties face competition from established large global players with significant market shares like PSA ([20-30]%), FCA ([10-20]%) and Toyota ([5-10]%), as well as other global OEMs with smaller shares of the market (e.g. GM, Volkswagen, Hyundai, Ford, Daimler, with shares of [0-5]% each).²²
- (31) The Notifying Party also submits that the Parties are not close competitors. Renault-Nissan views [...] and [...] as the closest competitors to its Twingo, and in specialised trade magazines MMC's i-MieV is rarely seen as an alternative to the Twingo.²³
- (32) Based on the above and in particular in view of the minimal overlap between the Parties, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to mini cars in France.

¹⁹ Throughout the Decision, market shares are calculated on the basis of Parties' sales of branded cars. The Parties note that, in addition to branded cars, they (as well as other suppliers) manufacture and sell unbranded finished vehicles to other OEMs. However, there is no overlap in terms of the types of such vehicles sold by the Parties, and the market shares do not materially change if such sales are taken into account.

²⁰ Form CO, paragraphs 210-217.

²¹ Form CO, paragraphs 194-199.

²² Form CO, paragraph 220.

²³ Form CO, paragraph 221 and Annex 17 (Renault's Pricing Report 2016).

5.1.3. *Manufacture and sale of small cars*

- (33) In the segment for small cars, the Transaction gives rise to affected markets in Belgium, Bulgaria, Croatia, France, Ireland, Netherlands, Portugal, Romania, Slovenia and Spain.

Table 1: Market shares of the Parties and their main competitors on the small cars market in the EEA and affected countries, 2015-2016

Small cars (2015-2016)						
Country	Renault -Nissan	MMC	Combined	Competitor 1	Competitor 2	Competitor 3
Belgium	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	PSA: [10-20]%	Ford: [5-10]%
Bulgaria	[30-40]%	[0-5]%	[30-40]%	VW: [20-30]%	Ford: [10-20]%	PSA: [5-10]%
Croatia	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	PSA: [10-20]%	GM: [5-10]%
France	[30-40]%	[0-5]%	[30-40]%	PSA: [30-40]%	VW: [10-20]%	Toyota: [0-5]%
Ireland	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	Ford: [10-20]%	Toyota: [10-20]%
Netherlands	[10-20]%	[0-5]%	[20-30]%	VW: [20-30]%	PSA: [10-20]%	Ford: [5-10]%
Portugal	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	PSA: [10-20]%	GM: [5-10]%
Romania	[70-80]%	[0-5]%	[70-80]%	VW: [5-10]%	Ford: [5-10]%	Hyundai: [0-5]%
Slovenia	[30-40]%	[0-5]%	[30-40]%	VW: [20-30]%	PSA: [10-20]%	GM: [5-10]%
Spain	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	PSA: [10-20]%	GM: [5-10]%

Source: Form CO

- (34) In all affected markets the combined share of the Parties is between 20% and 40%, with the exception of the Romanian market where the Parties' combined share amounts to [70-80]%. The strong position of Renault-Nissan in the Romanian market can be explained by the fact that it is the "home market" of Renault's Dacia brand.
- (35) However, in all of these markets MMC's share is adding only a small increment. In the Netherlands and Portugal this increment amounts to [0-5]% and [0-5]%, respectively, while in the other national markets it remains below [0-5]%. In particular, in Romania, the increment brought about by MMC's market share amounts to only [0-5]%.
- (36) Moreover, the information provided by the Notifying Party has shown that the Parties face competition from established global players with significant shares, in particular Volkswagen and/or PSA, in all affected markets.
- (37) Furthermore, the Notifying Party has provided information according to which the Parties are not close competitors in the small car segment. Renault-Nissan is present with the Renault models Clio, Clio Van and Zoe, the Dacia models

Sandero, Logan and Logan MCV, and the Nissan Micra. MMC is present with the Space Star/Mirage and Attridge. Renault views [...] (with its [...]) as the main competitor of the Renault Clio.²⁴ According to an internal Nissan report based on a 2014-2015 New Car Buyer Survey (NCBS), only a very small proportion of Micra buyers considered a Mitsubishi model or were switching away from one, while prior Micra owners most frequently replaced their vehicles with those of Volkswagen, Renault, Ford, Hyundai, Opel/Vauxhall, Fiat or Toyota.²⁵

- (38) Indeed, the Commission's market investigation confirmed that the Mitsubishi Space Star is not regarded as a close alternative to Renault or Nissan models by market participants.²⁶
- (39) In Romania, Renault-Nissan's most sold small cars are the [...], [...]and [...] (representing around 90% of Renault-Nissan's sales). MMC is present with its Space Star, which is a smaller and significantly more expensive car than the [...].²⁷
- (40) Taking into account the minimal market share of MMC in Romania, and the fact that its small car is not a close substitute of the Renault-Nissan models in terms of functional features and price, the Commission takes the view that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to small cars in Romania.
- (41) For the same reasons, and taking also into account the existence of other strong players on the market, as well as the presence of numerous global OEMs with smaller market shares, the Commission takes the view that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to small cars in the other affected markets, namely in Belgium, Bulgaria, Croatia, France, Ireland, Netherlands, Portugal, Slovenia and Spain.

5.1.4. *Manufacture and sale of SUVs*

- (42) In the segment of SUVs, the Transaction gives rise to affected markets at EEA level, as well as in the several EEA Member States, namely in Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

Notifying Party's view

- (43) The Notifying Party submits that the Transaction will not significantly impede effective competition in the internal market or substantial parts thereof, for the following reasons.

²⁴ Form CO, Annex 27 (Renault's Pricing Report 2016).

²⁵ Form CO, paragraphs 228, 299 and Annex 23.

²⁶ Questionnaire to competitors, question 39. No respondent mentioned the Space Star among the 3 closest alternatives to the Clio, Sandero, Logan, Logan MCV or Micra. It must be noted that this question referred to Romania in particular but given that the Parties' and competitors' models are sold in all Member States, this answer can be considered as a reliable indicator for closeness of competition in the other geographic markets affected.

²⁷ [...].

- (44) First, the Notifying Party submits that there is fierce competition between the Parties and the numerous other OEMs active in the SUV segment. While their market position varies across countries, the Parties indicate Volkswagen, Toyota, Hyundai, PSA and Mazda among their main competitors in the countries affected.²⁸
- (45) Second, the Notifying Party submits that the Parties are not close competitors. In the SUV segment, Renault-Nissan is present with Nissan's Qashqai, X-Trail, Juke, Infiniti QX70 and QX50, Murano, and Pathfinder, and with Renault's Captur, Kadjar, Koleos, Lada Niva/4x4 and Dacia Duster. MMC is present with the Outlander, ASX and Pajero. [...] is MMC's best-selling model in Europe, followed by the [...] and the [...]. Renault-Nissan's best-selling models are [...], [...], [...], [...], [...] and [...].²⁹
- (46) Renault views [...] and [...] as the main competitors of its Renault Captur and Renault Kadjar models, while Nissan views [...], [...] and [...] as the main competitors of its X-Trail model. Further, Nissan views [...], [...] and [...] as the main rivals of its Qashqai model, which is [...].³⁰
- (47) The Notifying Party points out that there are differences between the SUV models of Renault-Nissan and Mitsubishi in terms of technical characteristics (e.g. weight, size, fuel consumption, engine specifications) and price. For instance, the Outlander and the Pajero have 7 and 9 seats, respectively, compared to the 5-seaters of Renault or Nissan, and they are much heavier and more expensive than the latter. While the ASX is a mid-sized SUV like the majority of Nissan's and Renault's models, the Notifying Party submits that it has a number of other differentiating characteristics. In particular, it is offered in a different range of engine specifications and it has higher fuel consumption than Renault's SUVs; as far as Nissan's models are concerned, these are priced considerably higher than the ASX, with the exception of Nissan Juke, which is however a smaller sized SUV.³¹ Although customer preferences can differ from country to country, OEMs tend to target the same sections of the population across different EEA countries.³²
- (48) Furthermore, according to the Notifying Party, data from a pan-European New Car Buyer Survey (NCBS) demonstrates that for the vast majority of Nissan Qashqai, X-Trail and Juke customers, MMC models were not among the alternatives considered when making their purchase decision. Likewise, a very limited proportion of customers purchasing a Nissan SUV did so to replace an MMC vehicle, and vice-versa prior Nissan SUV owners most frequently replaced them with models produced by PSA, Renault, Ford, Volkswagen, Honda, Opel/Vauxhall or Hyundai.³³
- (49) In addition, the Notifying Party submits that in specialised trade magazines focusing on consumer preferences, MMC's sport utility models are rarely seen as

28 Form CO, paragraph 249.

29 Form CO, paragraph 250.

30 Form CO, paragraph 261.

31 Form CO, paragraphs 372, 385 – 388.

32 Form CO, paragraph 273.

33 Form CO, paragraphs 264 – 268, and Annexes 21.10, 21.11, 21.12.

direct alternatives to Nissan and Renault models, which are most often compared to those of Volkswagen, PSA, Hyundai, Mazda, Ford, Toyota or Mazda.³⁴

Commission's assessment

- (50) The market shares of the Parties and of their main competitors in the territories affected are presented in the table below.

Table 2: Market shares of the Parties and their main competitors on the SUV market in the EEA and affected countries, 2015-2016

Sport utility cars (2015 – 2016)						
Country	Renault -Nissan	MMC	Combine d	Competitor 1	Competitor 2	Competitor 3
Affected segments						
EEA	[20-30]%	[0-5]%	[20-30]%	VW: [10-20]%	Hyundai: [5-10]%	BMW: [5-10]%
Belgium	[20-30]%	[0-5]%	[20-30]%	Hyundai: [10-20]%	VW: [10-20]%	BMW: [5-10]%
Bulgaria	[40-50]%	[0-5]%	[40-50]%	Hyundai: [10-20]%	VW: [5-10]%	BMW: [5-10]%
Czech Republic	[20-30]%	[5-10]%	[20-30]%	VW: [20-30]%	Hyundai: [10-20]%	BMW: [5-10]%
Denmark	[40-50]%	[5-10]%	[50-60]%	Suzuki: [10-20]%	Mazda: [5-10]%	Ford: [5-10]%
Estonia	[30-40]%	[0-5]%	[30-40]%	Honda: [10-20]%	Hyundai: [5-10]%	Toyota: [5-10]%
Finland	[30-40]%	[5-10]%	[30-40]%	VW: [10-20]%	Geely: [5-10]%	Hyundai: [5-10]%
France	[30-40]%	[0-5]%	[30-40]%	PSA: [10-20]%	VW: [5-10]%	FCA: [5-10]%
Greece	[30-40]%	[0-5]%	[30-40]%	Suzuki: [10-20]%	BMW: [5-10]%	FCA: [5-10]%
Hungary	[20-30]%	[0-5]%	[20-30]%	Suzuki: [20-30]%	Hyundai: [5-10]%	GM: [5-10]%
Iceland	[10-20]%	[5-10]%	[20-30]%	Toyota: [10-20]%	Hyundai: [10-20]%	Suzuki: [5-10]%
Ireland	[30-40]%	[0-5]%	[30-40]%	Hyundai: [20-30]%	Toyota: [5-10]%	FCA: [5-10]%
Italy	[20-30]%	[0-5]%	[20-30]%	FCA: [10-20]%	Hyundai: [5-10]%	FCA: [5-10]%
Latvia	[30-40]%	[0-5]%	[30-40]%	VW: [10-20]%	Toyota: [10-20]%	Hyundai: [5-10]%
Lithuania	[20-30]%	[0-5]%	[20-30]%	VW: [10-20]%	Toyota: [10-20]%	FCA: [5-10]%
Netherlands	[20-30]%	[10-20]%	[30-40]%	Hyundai: [5-10]%	Mazda: [5-10]%	VW: [5-10]%
Norway	[10-20]%	[10-20]%	[20-30]%	Mazda: [10-20]%	Toyota: [10-20]%	Geely: [5-10]%
Poland	[20-30]%	[0-5]%	[20-30]%	Hyundai: [10-20]%	VW: [10-20]%	Toyota: [5-10]%
Portugal	[40-50]%	[0-5]%	[40-50]%	PSA: [10-20]%	BMW: [5-10]%	Daimler: [5-10]%
Romania	[40-50]%	[0-5]%	[40-50]%	Hyundai: [5-10]%	VW: [5-10]%	BMW: [5-10]%
Slovakia	[10-20]%	[5-10]%	[20-30]%	Hyundai: [10-20]%	VW: [10-20]%	Suzuki: [10-20]%
Slovenia	[40-50]%	[0-5]%	[40-50]%	Hyundai: [10-20]%	VW: [10-20]%	PSA: [5-10]%
Spain	[20-30]%	[0-5]%	[30-40]%	Hyundai: [10-20]%	VW: [10-20]%	PSA: [5-10]%
Sweden	[10-20]%	[5-10]%	[20-30]%	Geely: [20-30]%	VW: [10-20]%	Hyundai: [5-10]%
United Kingdom	[20-30]%	[0-5]%	[20-30]%	VW: [10-20]%	Tata: [10-20]%	Hyundai: [5-10]%

Source: Form CO

- (51) The Parties have a stronger market position in Bulgaria, Denmark, France, the Netherlands, Portugal, Romania and Slovenia, where their combined market share is between [40-50]% and [50-60]%, with an overlap ranging between [0-5]% (France) to [10-20]% (the Netherlands). In all these 7 countries, the Parties face competition from several important global OEMs such as Hyundai, BMW, Volkswagen, Suzuki, PSA, Mazda, FCA, Ford, Daimler or Geely.

³⁴ Form CO, paragraph 270.

Denmark

- (52) The Parties combined share in the Danish market for SUVs amounts to [50-60]% with a moderate increment of [5-10]% (MMC). In Denmark, the Parties' main competitors are Suzuki (with [10-20]% of the number of SUVs sold), Mazda ([5-10]%) and Ford ([5-10]%) all with increasing market shares in recent years, in contrast to the Parties, in particular Renault-Nissan whose market share fell from [50-60]% to [40-50]% over the last 3 years.³⁵ Based on IHS forecasts, Renault-Nissan's market share is projected to further drop to [20-30]% over the next 3 years, leading to a projected combined market share of the Parties of [30-40]% in 2018-2019.³⁶
- (53) Each of the main players on the Danish market is active with a number of SUV models, covering a range of designs, sizes, technical features and price levels.³⁷ In addition, many other global and European players like Volkswagen, Honda, Geely, Daimler, GM, Toyota, Hyundai, BMW etc. are present on the SUV market in Denmark, albeit with smaller shares of sales.³⁸
- (54) The Commission considers that the Parties are not close competitors in Denmark. Their best-selling models are the [...], [...] and [...] for Renault-Nissan (accounting for [70-80]% of their sales in Denmark) and the [...] for MMC. As described in paragraph (47) above, there are a number of differences between these models in terms of technical characteristics. Furthermore, there are significant differences in price: the entry-level version of the ASX is priced at EUR [...] in Denmark, which is considerably more than the [Renault-Nissan model] (EUR [...]) and the [Renault-Nissan model] (EUR [...]), and significantly less than the [Renault-Nissan model] (EUR [...]).³⁹
- (55) The Commission's market investigation confirmed that the Parties' models are not perceived as close substitutes: when asked to indicate the 3 closest substitutes to each of the Renault and Nissan SUV models, the vast majority of respondents indicated models other than MMC's ASX, Pajero or Outlander.⁴⁰ The models mentioned by most competitors as the closest alternatives to the Captur were the Peugeot 2008, Nissan Juke and Opel Mokka; for the Duster these were the Captur and the Renault Scenic, and for Qashqai the main alternatives were the Hyundai Tucson, Kia Sportage, VW Tiguan, Renault Kadjar, Toyota RAV4.
- (56) The Commission considers that all of the Parties' main competitors are strong global OEMs, enjoying a good reputation and high brand recognition among customers. They have a distribution network in place in Denmark, as in the rest of

³⁵ Form CO, paragraph 380.

³⁶ Form CO, Annex 22.

³⁷ Suzuki is active with the Vitara, Grand Vitara, Ignis, Jimny, SX4, and SX4 S-Cross models under the Maruti-Suzuki and Suzuki brands; Mazda is present with CX-3, CX-4, CX-5, and CX-9; Ford is present with the C-CUV, Ecosport, Edge and Kuga; PSA is present with the B-CUV, C-CUV, Cand C4 Aircross models under the Citroën brand, the B-CUV and C-CUV under the DS brand and the 2008 and D-CUV under the Peugeot brand.

³⁸ Form CO, paragraph 28. Questionnaire to Competitors, question 25.

³⁹ Form CO, Annex 27.

⁴⁰ Questionnaire to Competitors, question 40: only 2 of the 11 competitors surveyed indicated a Mitsubishi model (Outlander, Pajero) as 1 of the 3 closest alternatives to the Nissan X-trail.

EEA countries. The market investigation has also confirmed that there are no capacity constraints that would prevent competing OEMs to respond to the increasing demand for SUVs in Denmark and the rest of the EEA.⁴¹ There are therefore no substantial barriers preventing other OEMs from expanding their activities on the SUV market in Denmark and the rest of EEA countries.

- (57) Finally, the Commission considers that due to the wide range of SUV manufacturers and models present on the market, and due to the fact that there are no significant switching costs for customers, it is likely that an attempt by the Parties to increase SUV prices following the Transaction would result in customers switching to competing SUV suppliers. Indeed, price is an important factor in the customers' purchase decision⁴² and there is evidence that customers often switch brand or car model: for instance, an internal Nissan report shows that [70-80]% of customers who bought a Qashqai in 2015 were replacing a different car brand, and [40-50]% of Qashqai replacers switched to a different brand.⁴³ The ease of switching is also reflected in the volatility of market shares of most OEMs, as described in paragraph (52) above.
- (58) In conclusion, there are numerous OEMs present on the Danish SUV market, which compete with the Parties and can expand their presence on the market. The SUV models supplied by Parties are not close substitutes in terms of their technical characteristics and price. Customers commonly switch suppliers, which results in a dynamic segment characterised by volatile shares. For these reasons, the Commission takes the view that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the SUV segment in Denmark.

The Netherlands

- (59) The Parties combined share in the Dutch market for SUVs amounts to [30-40]% (Renault-Nissan [20-30]%; MMC [10-20]%). In the Netherlands, the Parties' main competitors are Hyundai (with [5-10]% of the number of SUVs sold), Mazda ([5-10]%), Volkswagen ([5-10]%) and Geely ([5-10]%). These suppliers have all had increasing shares in recent years, in contrast to the Parties, in particular MMC whose market share fell from [20-30]% to [10-20]% over the last 3 years.⁴⁴ As in Denmark, the SUV market in the Netherlands is projected to grow in size over the coming years, however the Parties' combined market share is projected to fall to [20-30]% in 2018-2019.⁴⁵
- (60) In addition to the suppliers indicated above, the Commission considers many other strong global and European players like BMW, PSA, Suzuki, GM, Ford, FCA, Daimler, Toyota, GM, etc. are present on the SUV market in the Netherlands,

⁴¹ Questionnaire to competitors, question 46.

⁴² Questionnaire to competitors, question 38: design, price, and brand are the 3 most important factors driving demand for SUVs.

⁴³ Form CO, Annex 21.10

⁴⁴ Form CO, paragraph 395.

⁴⁵ Form CO, Annex 22.

albeit with smaller shares of sales.⁴⁶ As described above, there are no significant barriers preventing these suppliers from expanding their presence on the market.

- (61) Furthermore, the Commission considers that the Parties are not close competitors in the Netherlands. Their best-selling models are the Nissan Qashqai and [Renault-Nissan Model] (representing [20-30]% and [20-30]%, respectively, of the Parties' total SUV sales) and the MMC [...] (representing [20-30]% of the Parties' total SUV sales, and [80-90]% of MMC's sales).⁴⁷ As described in paragraphs (47) and (55) above, these models are different in terms of size, weight, number of seats, and are not perceived to be close alternatives by market participants. Furthermore, there is a large price difference between the [MMC model], whose entry-level price is of EUR [...], and the [Renault-Nissan Model], priced at EUR [...], or [Renault-Nissan Model], at EUR [...].⁴⁸
- (62) For these reasons, the Commission takes the view that Transaction does not raise serious doubts as to its compatibility with the internal market in what regards the SUV segment in the Netherlands.

Portugal

- (63) In Portugal, the Parties' combined market share is [40-50]% with a limited increment of [0-5]% (MMC). They face competition from several OEMs with a stronger market position than MMC, namely PSA ([10-20]%), BMW ([5-10]%), Daimler ([5-10]%), Volkswagen ([5-10]%) or FCA ([5-10]%), as well as other strong global OEMs like Mazda, Hyundai, Geely, Honda, GM, etc.⁴⁹
- (64) The Parties' best-selling models are the [Renault-Nissan Model] and the [Renault-Nissan Model] (representing [70-80]% of Renault-Nissan's sales in the SUV segment in Portugal) and MMC's [...] and [...]. As described in paragraphs (47) and (55) above, these models are different in terms of size, weight, number of seats, engine configuration and fuel consumption, and are not perceived to be close alternatives by market participants. Furthermore, there is a large price difference between the [MMC Model], whose entry-level price in Portugal is of EUR [...], and the [Renault-Nissan Model], priced at EUR [...], or [Renault-Nissan Model], at EUR [...].⁵⁰ The [MMC Model] is priced at EUR [...], higher than the [Renault-Nissan Model] but lower than the [Renault-Nissan Model]. The Parties therefore are not close competitors in Portugal.
- (65) Based on these reasons, and taking into account the low barriers to expansion for competing OEMs and the low cost of switching for customers in Portugal, as elsewhere in the EEA, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the SUV segment in Portugal.

⁴⁶ Form CO, paragraph 395. Questionnaire to Competitors, question 30.

⁴⁷ Form CO, paragraph 394.

⁴⁸ Form CO, paragraph 399.

⁴⁹ Form CO, paragraph 407.

⁵⁰ Form CO, paragraph 412.

Bulgaria, France, Romania and Slovenia

- (66) The evidence submitted by the Parties and that collected by the Commission in its market investigation shows that the closeness of competition, barriers to expansion and customer switching analyses described above also apply with regard to the affected markets of Bulgaria, France, Romania and Slovenia, where the increment brought about by the Transaction is minimal ([0-5]%, [0-5]%, [0-5]% and [0-5]%, respectively). Hyundai and Volkswagen are important competitors in Bulgaria, Romania and Slovenia (where they are the second and third largest players, respectively), while in France the Parties also face strong competition from PSA. While in absolute value prices differ across these countries, the price differences between the Parties' models are significant in these four countries as well, illustrating the fact that they are not close substitutes.⁵¹ For these reasons, and taking into account the small overlap between the Parties, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the SUV segment in Bulgaria, France, Romania and Slovenia.

Estonia, Finland, Greece, Ireland, Latvia and Spain

- (67) In Estonia, Finland, Greece, Ireland, Latvia and Spain, the Parties' combined market share is between [30-40]%, with a limited increment brought about by MMC of between [0-5]% (Greece) and [5-10]% (Finland). In all these 6 countries, the Parties face competition from several important global OEMs such as Hyundai, Toyota, Volkswagen, Suzuki, PSA or FCA.
- (68) In Finland, the Parties' combined market share is [30-40]%, with an overlap of [5-10]%. Based on IHS forecasts, their market share is projected to decrease to [20-30]% by 2018-2019.⁵² They face competition from several OEMs with a stronger market position than MMC, namely Volkswagen ([10-20]%), Geely ([5-10]%) and Hyundai ([5-10]%), as well as other strong global OEMs like Honda, GM, BMW, Toyota, Suzuki, Daimler, Mazda, Ford or PSA.⁵³
- (69) The Parties' best-selling models in Finland are the [...] and [...] for Renault-Nissan, and the [...] for MMC. As described in paragraphs (47) and (55) above, these models are different in terms of size, weight, number of seats, engine configuration and fuel consumption, and are not perceived to be close alternatives by market participants. Furthermore, there is a significant price difference between the [MMC Model], whose entry-level price in Finland is of EUR [...], and the [Renaul-Nissan model], priced at EUR [...], and [Renaul-Nissan model], priced at EUR [...]. The Parties therefore are not close competitors in Finland.⁵⁴
- (70) Based on these reasons, and taking into account the low barriers to expansion for competing OEMs and the low cost of switching for customers in Finland, as elsewhere in the EEA, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the SUV segment in Finland.

⁵¹ Form CO, Annex 27.

⁵² Form CO, Annex 22.

⁵³ Form CO, paragraph 277.

⁵⁴ Form CO, paragraphs 277, 281.

- (71) The evidence submitted by the Parties and that collected by the Commission in its market investigation shows that the closeness of competition, barriers to expansion and customer switching analyses described above also apply with regard to the affected markets of Estonia, Greece, Ireland, Latvia and Spain, where the increment brought about by the Transaction is small ([0-5]%, [0-5]%, [0-5]%, [0-5]%, [0-5]%, respectively). For these reasons, and taking into account the small overlap between the Parties, the Commission considers that the Proposed Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the SUV segment in these countries.

Other affected markets

- (72) In the remaining affected countries, namely Belgium, the Czech Republic, Hungary, Iceland, Italy, Lithuania, Norway, Poland, Slovakia, Sweden and the United Kingdom, the Parties have a combined market share ranging between [20-30]%. With the exception of Norway and Sweden, the increment brought about by MMC is [0-5]%.
(73) In Norway, the Parties' combined market share is [20-30]%. MMC is the strongest player on the market with [10-20]% of sales. According to IHS projections, the market share of MMC, and of the combined entity, is projected to drop to [5-10]%, and [10-20]%, respectively, by 2018-2019.⁵⁵
(74) The other main players on the Norwegian market are Mazda ([10-20]%), Toyota ([10-20]%), Geely ([5-10]%), Volkswagen ([5-10]%) and BMW ([5-10]%). In addition to the suppliers indicated above, many other strong global and European players like Hyundai, Suzuki, Daimler, Honda, Ford, GM, PSA etc. are present on the SUV market in Norway, albeit with smaller shares of sales.⁵⁶
(75) The Commission considers that the Parties do not appear to be close competitors. Unlike in the case of commodity products, when deciding which SUV model to buy customers take a multitude of factors into account (e.g. design, size, brand, technical features like power and fuel consumption, price⁵⁷), which are relevant in assessing the closeness of competition. The Parties' best-selling models are MMC's [...] (representing [40-50]% of the Parties' combined SUV sales) and Nissan's [...] and [...] (representing [20-30]% and [10-20]%, respectively, of combined sales). As described above, the [MMC model] is a large SUV, heavier and with larger seating capacity than the [Renault-Nissan model] and [Renault-Nissan model], which are mid-sized SUVs. In terms of pricing, the [MMC Model] is priced at EUR [...], which is similar to the [Renault-Nissan model], but significantly above the [Renault-Nissan model] (EUR [...]).⁵⁸
(76) Based on these reasons, and taking into account the low barriers to expansion for competing OEMs and the low cost of switching for customers in Norway, as elsewhere in the EEA, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the SUV segment in Norway.

⁵⁵ Form CO, Annex 22.

⁵⁶ Form CO, paragraph 321. Questionnaire to competitors, question 31.

⁵⁷ Questionnaire to competitors, question 38. Form CO, paragraph 325.

⁵⁸ Form CO, paragraph 326.

- (77) In Sweden, the Parties' combined market share is [20-30]%, with an overlap of [5-10]%. According to IHS projections, the market share of Renault-Nissan, and of the combined entity, is projected to drop to [10-20]%, and [10-20]%, respectively, by 2018-2019.⁵⁹
- (78) The other main players on the Swedish market are Geely ([20-30]%), Volkswagen ([10-20]%), and Hyundai ([5-10]%). In addition to the suppliers indicated above, many other strong global and European players like Daimler, FCA, Ford, GM, PSA, Suzuki etc. are present on the SUV market in Sweden, albeit with smaller shares of sales.
- (79) Based on these reasons, and taking into account the low barriers to expansion for competing OEMs and the low cost of switching for customers in Sweden, as elsewhere in the EEA, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the SUV segment in Sweden.
- (80) For the same reasons, and taking into account the small overlap between the Parties in the remaining affected countries, the Commission considers that the Transaction does not raise serious doubts about its compatibility with the internal market with regard to the SUV segment in Belgium, the Czech Republic, Hungary, Iceland, Italy, Lithuania, Poland, Slovakia, and the United Kingdom.

5.1.5. *Manufacture and sale of mid-sized SUVs*

- (81) As described in paragraph (13), the SUV segment could be further divided according to size into small SUVs, mid-sized SUVs and large SUVs. Under such a division, the Transaction only leads to affected markets in mid-size SUVs in the EEA, Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, United Kingdom.
- (82) The market position of the Parties and their competitors as well as the assessment of closeness of competition, barriers to expansion and customer switching are not materially different from those regarding the overall SUV segment, described in section 5.1.1.3. The Commission therefore takes the view that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the mid-sized SUV segment in the territories affected.

5.1.6. *Manufacture and sale of LCVs*

- (83) As regards the production and sale of commercial vehicles, the Parties are only active in the LCV segment. If the relevant product market is defined as the market for the production and sale of all LCVs, the following markets will be affected as a result of the Transaction: Belgium, Bulgaria, France, Iceland, Ireland, Latvia, Lithuania, Portugal, Romania, Slovenia and Spain. Post Transaction the market structure will be the following:

⁵⁹ Form CO, Annex 22.

Table 3: Market shares of the Parties and their main competitors on the LCV market in the EEA and affected countries, 2015-2016

Light commercial vehicles (2015-2016)						
Country	Renault -Nissan	MMC	Combined	Competitor 1	Competitor 2	Competitor 3
Belgium	[20-30]%	[0-5]%	[20-30]%	PSA: [20-30]%	VW: [10-20]%	Ford: [10-20]%
Bulgaria	[40-50]%	[0-5]%	[40-50]%	PSA: [10-20]%	VW: [10-20]%	Ford: [10-20]%
France	[30-40]%	[0-5]%	[30-40]%	PSA: [30-40]%	FCA: [5-10]%	Ford: [5-10]%
Iceland	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	Ford: [10-20]%	Daimler: [10-20]%
Ireland	[20-30]%	[0-5]%	[20-30]%	Ford: [20-30]%	VW: [10-20]%	PSA: [10-20]%
Latvia	[10-20]%	[0-5]%	[20-30]%	VW: [20-30]%	PSA: [20-30]%	Toyota: [5-10]%
Lithuania	[20-30]%	[0-5]%	[20-30]%	VW: [20-30]%	FCA: [10-20]%	PSA: [10-20]%
Portugal	[20-30]%	[0-5]%	[20-30]%	PSA: [30-40]%	Ford: [5-10]%	FCA: [5-10]%
Romania	[30-40]%	[0-5]%	[30-40]%	Ford: [10-20]%	GM: [10-20]%	Daimler: [10-20]%
Slovenia	[20-30]%	[0-5]%	[20-30]%	PSA: [20-30]%	VW: [10-20]%	FCA: [10-20]%
Spain	[20-30]%	[0-5]%	[20-30]%	PSA: [20-30]%	Ford: [10-20]%	FCA: [5-10]%

Source: Form CO

- (84) In all affected Member States, the increment brought about by the Transaction is very limited. In the vast majority of the affected Member States it will be below [0-5]% and only in four* of them (Latvia, Portugal and Romania) the increment brought about by MMC will exceed [0-5]% but in any event will be below [0-5]%.
(85) In all affected Member States apart from Romania and Bulgaria the combined entity will face competition from at least one competitor with larger or comparable market shares. Also, in terms of market share MMC is always a very distant competitor and a significant number of other competitors have larger market shares on each of the affected markets.

Notifying Party's view

- (86) The Notifying Party claims that MMC is a marginal player, the Parties are not close competitors, and the segment is highly competitive with numerous players, including major international players with wide coverage such as Volkswagen, PSA, Ford, Daimler, FCA, GM and Toyota.

* Should read: three.

- (87) The Notifying Party also claims that in the LCV segment, with a marginal share of [0-5]% or less in all Member States, MMC is not a close competitor of Renault-Nissan. Moreover, Mitsubishi sells pickups, whereas Renault-Nissan mostly sells vans and mini-vans. The only pickup sold by Renault-Nissan is the NP300 Navara. However the volumes of NP300 Navara sales are very limited (representing at most between [0-5]% and [0-5]% of the combined entity's sales in all affected segments at Member State level).
- (88) With particular reference to Bulgaria, where the combined entity will have the largest share post Transaction ([40-50]%), the Notifying Party claims that Renault-Nissan is present with the Dacia models Dokker and Dokker Van, the Renault Master, Kangoo and Trafic, and with Nissan's model Navara. The Dokker, Dokker Van and the Master represent almost [70-80]% of the combined entity's sales. MMC is only present with its L200 (a pick-up truck), which represents less than [0-5]% of the combined entity's sales.
- (89) This national market remains highly competitive with numerous strong players. [competitor] is perceived by Renault-Nissan as its closest competitor with the [competitor model] and [competitor model] models. PSA has a share of [10-20]%, followed by Volkswagen ([10-20]%), Ford ([10-20]%), Great Wall ([5-10]%), Toyota ([0-5]%) and FCA ([0-5]%). Other competitors include GM, Daimler and CNH Industrial, each of them larger than MMC.
- (90) The Notifying Party also claims that MMC is not a close competitor of Renault-Nissan because of its very limited market share ([0-5]%) and because MMC's L200 is a pick-up, whereas the Renault models are vans and mini-vans, thus satisfying a different demand segment. The only pick-up truck sold by Nissan is the Navara but it represents less than [0-5]% of the combined entity's sales in this segment.

Commission's assessment

- (91) First, the Commission takes the view that MMC is a marginal player in all affected national markets and the increment it will bring about would not be sufficient to lead to an increase in market power of the combined entity. As explained above in paragraph (87), MMC's market share is below [0-5]% in all affected national markets and in the vast majority of it MMC' share is below [0-5]%. Hence, the Commission takes the view that the Transaction will not significantly alter the competitive structure in each of the affected markets.
- (92) Second, the Commission takes the view that the Parties are not close competitors on the market. Competitors responding to the market investigation broadly confirmed the Parties' argument indicating that MMC L200 is not perceived as a strong competitor of Renault-Nissan's models. On the contrary, only the Nissan Navara is perceived as competing with the MMC L200 (both are pick-up trucks) but is consistently regarded as a distant competitor. Other vehicles, such as the

Ford Ranger, the Toyota Hilux and the Great Wall Steed are perceived as closer competitors.⁶⁰

- (93) Third, there are no switching costs for customers. When an end customer decides to purchase a new vehicle, in fact, the customer can freely decide which vehicle to purchase and switching from one OEM to another does not entail any cost or time.
- (94) Fourth, the Commission takes the view that on the market for LCVs MMC cannot be regarded as an important competitive force. This conclusion is supported by both the analysis of the market structure carried out above as well as by the competitors responding to the market investigation. In their replies, in fact, none of the market participants indicated MMC as one of the five strongest competitors on the market.⁶¹
- (95) Finally the vast majority of competitors responding to the market investigation indicated that the intensity of competition will remain the same or increase as a result of the Transaction.⁶²
- (96) Based on these reasons the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the LCV segment in each of the following Member States: Belgium, Bulgaria, France, Iceland, Ireland, Latvia, Lithuania, Portugal, Romani*, Slovenia and Spain.

5.1.7. *Manufacture and sale of pick-up trucks*

- (97) If the market for the manufacture and sale of pick-up trucks were to be regarded as a separate product market from that of LCVs, the following markets would be affected as a result of the Transaction: Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK. Post Transaction the market structure would be the following:

⁶⁰ Questionnaire to Competitors, question 41. It must be noted that this question referred to Bulgaria in particular but given that the Parties' and competitors' models are sold in all Member States, this answer can be considered as a reliable indicator for closeness of competition in all other member states.

⁶¹ Questionnaire to Competitors, question 40. As above, it must be noted that this question referred to Bulgaria in particular but given that the Parties' and competitors' models are sold in all Member States, this answer can be considered as a reliable indicator for closeness of competition in all other member states.

⁶² Questionnaire to Competitors, question 60.

* Should read: Romania.

Table 4: Market shares of the Parties and their main competitors on the pick-up truck segment in the EEA and affected countries, 2015-2016

Pick-up trucks (2015-2016)					
Country	Combined	Overlap	Competitor 1	Competitor 2	Competitor 3
Austria	[30-40]%	[10-20]%	VW [20-30]%	Ford [10-20]%	Toyota [10-20]%
Belgium	[20-30]%	[10-20]%	Ford [20-30]%	Toyota [10-20]%	Isuzu [10-20]%
Croatia	[30-40]%	[10-20]%	Ford [40-50]%	Toyota [5-10]%	Isuzu [5-10]%
Denmark	[40-50]%	[10-20]%	Toyota [20-30]%	VW [10-20]%	Ford [5-10]%
Finland	[20-30]%	[5-10]%	Toyota [20-30]%	VW [20-30]%	Ford [20-30]%
France	[20-30]%	[10-20]%	Ford [20-30]%	Toyota [20-30]%	Isuzu [10-20]%
Germany	[20-30]%	[10-20]%	Ford [30-40]%	VW [20-30]%	Toyota [5-10]%
Greece	[20-30]%	[10-20]%	Toyota [40-50]%	Ford [10-20]%	Isuzu [10-20]%
Hungary	[20-30]%	[5-10]%	Ford [30-40]%	Toyota [20-30]%	Isuzu [10-20]%
Ireland	[20-30]%	[10-20]%	Toyota [30-40]%	Ford [20-30]%	Isuzu [10-20]%
Italy	[30-40]%	[10-20]%	Ford [20-30]%	Isuzu [10-20]%	Toyota [10-20]%
Portugal	[20-30]%	[5-10]%	Toyota [30-40]%	VW [20-30]%	Isuzu [10-20]%
Romania	[30-40]%	[10-20]%	Toyota [20-30]%	Ford [20-30]%	VW [5-10]%
Slovakia	[30-40]%	[10-20]%	Toyota [20-30]%	Ford [20-30]%	VW [10-20]%
Slovenia	[30-40]%	[10-20]%	Ford [40-50]%	Toyota [10-20]%	VW [5-10]%
Spain	[20-30]%	[5-10]%	Toyota [40-50]%	Ford [20-30]%	VW [5-10]%
Sweden	[30-40]%	[10-20]%	VW [20-30]%	Toyota [10-20]%	Ford [10-20]%
United Kingdom	[30-40]%	[10-20]%	Ford [20-30]%	Toyota [10-20]%	Isuzu [10-20]%

Source: Parties' response to Request for Information of 6 September 2016

Notifying Party's view

- (98) The Notifying Party claims that in each of the affected Member States the Parties face and will continue to face competition from a number of significant players, such as Ford (F-series), Toyota (Tundra and Hilux), VW (Amarok), Isuzu (D-Max and Rodeo D-Max) and FCA (Ram, Doblò and Strada pick-up and the Fullback). Apart from the above main players, the Notifying Party claims that also the following OEMs are actively competing in each of the above national markets: Great Wall (Steed), GM (Chevrolet Avalanche, Colorado and Silverado and the GMC Sierra), Mahindra and Mahindar* (Bolero, Genio, Goa, NC and Scorpio) and Tata (Xenon).
- (99) To support the above claim, the Notifying Party submitted the following table indicating the units sold for each of the above models from April 2015 to March 2016:

* Should read: Mahindra.

Top 25 highest selling pick-ups in the EEA (April 2015-March 2016)		
Company	Model	Number of sold vehicles
Ford	Ranger	
Toyota	Hilux	
Mitsubishi	L200	
Volkswagen	Amarok	
Nissan	Navara	
Isuzu	D-Max	
Isuzu	Rodeo D-Max	
Great Wall	Steed	
FCA	Ram	
FCA	1500	
Mahindra & Mahindra	Korando Sports	
Mahindra & Mahindra	Actyon SUT	
FCA	Doblo	
Mahindra & Mahindra	Actyon Sports	
Ford	F-150	
General Motors	Silverado	
FCA	Strada	
Tata	Xenon	
Mahindra & Mahindra	Goa	
Toyota	Tundra	
Ford	F-Series	
General Motors	Sierra	
Guangzhou Auto	Troy	
Mahindra & Mahindra	Scorpio	

- (100) The Notifying Party also claims that they are not close competitors and Nissan perceives [competitor] as its closest competitor.
- (101) Moreover, the Notifying Party submits that both Parties have been consistently losing market shares in the last years.

Commission's assessment

- (102) First, the Commission considers that in each of the affected Member States the merged entity will continue to face competition from OEMs with larger or comparable market shares. Also, in the majority of the affected Member States competitors of the Parties have market share larger than the increment brought about by the Transaction.
- (103) Second, the sale figures provided by the Notifying Party indicate that the Parties compete more closely with [competitor], [competitor] and [competitor] than against each other. This conclusion is also supported by Nissan's internal document indicating the [competitor model] and the [competitor model] as main competitors while [competitor], [competitor] and MMC are listed as weaker competitors.⁶³

⁶³ "Nissan Internal Presentation – Pick-up competition overview". In light of the fact that the models OEM sold in the EEA are the same in all Member States, this EEA-wide analysis applies also for each of the affected Member States.

- (104) Third, both parties have been consistently losing market share in the last ten years at EEA level⁶⁴ in favour of other OEMs as can be observed in the following chart:

[CHART INDICATING MARKET SHARES]

- (105) The above development of the EEA market indicates that overall the Transaction will not result in the merged entity having a significant degree of market power due also to the intensity of competition across Member States.
- (106) Fourth, as already stated as regards LCVs in general⁶⁵, there are no switching costs for customers. When an end customer decides to purchase a new vehicle, the customer can freely decide which vehicle to purchase and switching from one OEM to another does not entail any cost or time.
- (107) Based on these reasons the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the market for the manufacture and sale of pick-up trucks in each of the following Member States: Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

5.1.8. Non-horizontal effects

- (108) The Parties manufacture and supply automotive components to the EEA OEM/OES channel.
- (109) With regard to PCs, the Parties supply the following components to other OEMs: (i) Renault: engines (to [customer]), gearboxes (to [customer]), chassis components (to [customer]); (ii) Nissan: heat exchangers (to [customer], [customer], [customer], [customer], [customer], [customer] and [customer]), air conditioning systems (to [customer] and [customer]), exhausts (to [customer]), compressors (to [customer]) and manual transmissions (to [customer]).
- (110) With regard to LCVs, the Parties supply the following components on the OEM/OES market: (i) Renault: engines (to [customer] and [customer]) and gearboxes (to [customer] and [customer]); (ii) MMC: electric powertrain components (to [customer]).
- (111) The Transaction therefore gives rise to a vertical relationship between the upstream markets for the manufacture and supply of the individual automotive components to other OEMs (OEM and OES sector) and the downstream markets for the manufacture and sale of PCs and LCVs (as appropriately segmented).
- (112) The Notifying Party claims that the Transaction will not raise any competition concern as Renault's and Nissan's incentives to continue supplying these

⁶⁴ Figures at national level are not available.

⁶⁵ See paragraph (93) above.

components to OEMs will not change post-Transaction, and in any event, the OEMs supplied by the Parties will continue to have access to multiple alternative sources of supply.

- (113) As to a possible input foreclosure, the Commission considers that the merged entity will not have the ability to engage in any input foreclosure behaviour as their combined market share on the upstream markets is very limited and remains below [0-5]% on each of the markets. Competitors on the downstream markets will therefore indeed have access to sufficient alternative sources of supply.
- (114) As to a possible customer foreclosure, the Commission considers that the merged entity will not have the ability to foreclose its upstream competitors' access to customers. This is so because the Parties' combined market share on the EEA-wide market for the manufacture and sale of PCs,⁶⁶ is rather limited ([10-20]%) and other competitors with larger (Volkswagen [20-30]%) or comparable (PSA [10-20]%) market shares will remain. It follows that the merged entity is unlikely to be able to restrict its upstream competitors' access to a significant customer base. The same applies with regard to the downstream market for the manufacture and sale of LCVs. On this market the combined market share of the Parties is [10-20]% and competitors with comparable market shares will remain (PSA [10-20]%, Ford [10-20]% and Volkswagen [10-20]%).
- (115) Based on these reasons the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the market for the manufacture and supply automotive components in the EEA.

6. CONCLUSION

- (116) 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

⁶⁶ This is most likely the most appropriate downstream market to be considered, as components can be fitted on different types of PCs and the further segmentation in different types of vehicles is relevant from the end customers' perspective. Also, production of vehicles is carried out at a EEA-wide level and, therefore, an analysis of the vertical relationship at a national level seems inappropriate.