

*Case No IV/M.834 -
Metallgesellschaft / Safic
Alcan (II)*

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 21/11/1996

*Also available in the CELEX database
Document No 396M0834*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.11.1996

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties:

Dear Sirs,

Subject : Case No IV/M.834 Metallgesellschaft / Safic-Alcan (II)

Notification of 22.10.1996 pursuant to Article 4 of Council Regulation No 4064/89

1. On **22.10.1996**, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which Metallgesellschaft Handel & Beteiligungen Aktiengesellschaft, subsidiary of the group Metallgesellschaft A.G. (MG) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Safic-Alcan SA, a French company previously joint-controlled by MG and the EXOR group. MG will acquire 43.9% of Safic-Alcan's share capital from the EXOR group and will launch a bid to acquire the rest of the shares publicly quoted at the Stock Exchange of Paris.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

I. THE PARTIES' ACTIVITIES AND THE OPERATION

3. The business activities of the undertakings concerned are :

- for undertaking MG:

- Trading in non-ferrous ores, concentrates and metals
- Trading in and recycling of scrap metals and waste materials
- Metal dealing on commodity futures exchanges
- Trading in industrial chemicals, sulphur and other raw materials, agrochemicals and acids

- for undertaking Safic-Alcan:

- Trading of natural products: natural rubber, natural latex, tropical oils and countertrade
- Distribution of industrial products: synthetic rubber, rubber chemical specialities and silicones

4. Depending on the result of the public bid offer, after completion of the operation, MG will own and control at least 88.3% of the share capital and 90.4% of the voting rights of Safic-Alcan. Commission decision No. IV/M.146/91, dated 8.11.1991, cleared the former operation whereby MG and IFINT (former EXOR group name) acquired joint control of Safic-Alcan.

5. The change in the structure from joint to sole control constitutes, in this case, a concentration within the meaning of the Merger Regulation (see Commission Notice on the Notion of a Concentration § 40).

II. COMMUNITY DIMENSION

6. MG and Safic-Alcan have a combined aggregate worldwide turnover in excess of ECU 5,000 million (MG, ECU 8,897 million; and Safic, ECU 758.68 million). Each of them has a Community-wide turnover in excess of ECU 250 million (MG, ECU 6,017 million; and Safic-Alcan, ECU 485,47 million), but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension, but does not constitute a cooperation case under the EEA Agreement, pursuant to Article 57 and Article 2 in protocol 24 of that Agreement.

III. COMPATIBILITY WITH THE COMMON MARKET AND THE FUNCTIONING OF THE EEA

A. Relevant product markets

7. The notifying party states that the relevant product markets are the trading of natural rubber, natural latex, synthetic rubber, rubber chemical specialities and tropical oils. Commission decision No. IV/M.146/91 - Metallgesellschaft/Safic Alcan dated 8.11.1991 includes a full description of the natural rubber, natural latex, synthetic rubber markets.
8. Safic-Alcan trades on the following categories of tropical oils: crude palm oil, crude palm kernel oil and crude coconut oil. It also has some minor trading interests in rubber chemical specialities, comprising mainly additives and accelerators for the production of rubber products and silicones for the rubber industry. However, it is not necessary to decide if these activities constitute separate product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the community or in the EEA or any substantial part of that area.

B. Relevant geographic markets

9. According to the Commission's decision on Case No. IV/M.146/91 Metallgesellschaft/Safic §19, for solid natural rubber the community market is integrated into the world market. The relevant geographic market for the sale of latex is the Community (see §21 of the above mentioned decision). The notifying party submits that tropical oil trading is a worldwide market.

It is not necessary, in this case, to delineate further the relevant geographic markets for tropical oils trading, rubber chemicals trading and synthetic rubber trading because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the Community or in the EEA or any substantial part of that area.

C. Assessment

10. Since the proposed operation consists in a change from joint control to sole control, the operation does not bring about any market share overlap. Although the market position of Safic-Alcan is relatively strong on the trading of natural latex and tropical oils (European-wide marketshares around 20 %), this is not by itself sufficient to constitute a dominant position. The possible conglomerate effects are not such as to give rise to concerns on competition ground since Safic-Alcan will face competition from financially strong competitors on all the markets where it is active. Competitors include strong producers and manufacturers vertically integrated operating mainly on a world-wide basis.
11. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the Community or in EEA or any substantial part of that area.

IV. CONCLUSION

12. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,