



EUROPEAN COMMISSION
DG Competition

***Case M.11098 - JACQUET METALS /
SWISS STEEL COMPANIES***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 28/09/2023

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EUROPEAN COMMISSION

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PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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**Subject: Case M.11098 – JACQUET METALS / SWISS STEEL COMPANIES
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**

Dear Sir or Madam,

- (1) On 29 August 2023, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which International Metal Service group Holding GmbH ('IMS Germany', Germany) belonging to the group headed by the holding company Jacquet Metals S.A. ('Jacquet Metals', France), intends to acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Swiss Steel s.r.o. (Czechia), Swiss Steel Baltic OÜ (Estonia), Swiss Steel Magyarorszag Kft (Hungary), Swiss Steel Baltic SIA (Latvia), Swiss Steel Baltic, UAB (Lithuania), Swiss Steel Polska Sp.z.o.o. (Poland) and Swiss Steel Slovakia s.r.o. (Slovakia) (the 'Targets'), belonging to the Swiss Steel Group ('Transaction').³ Jacquet Metals is designated

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 317, 7.9.2023, p. 11.

hereinafter as the ‘Notifying Party’ and Jacquet Metals and the Targets are designated hereinafter as ‘Parties’.

1. THE PARTIES

- (2) **Jacquet Metals** is active in the distribution of specialty steel products and stainless-steel products. In particular, its IMS Group division is active in the distribution of engineering steel products while Jacquet division in the distribution of stainless steel and nickel alloy quarto plates and Stappert division in the distribution of long stainless-steel products. All these divisions are active in various EEA Member States.
- (3) **Swiss Steel Group** owns the Targets, all active in the distribution of steel products, in particular carbon steel, stainless steel products, and to a lesser extent special steel. The Targets are active mainly in their respective countries of incorporation, and, to a lesser extent, in other EEA Member States.

2. THE OPERATION AND CONCENTRATION

- (4) Pursuant to a share purchase agreement, dated 16 February 2023, Jacquet Metals will acquire, through its subsidiary IMS Germany, all the shares issued by the Targets. Ultimately, Jacquet Metals will have sole control over the Targets.
- (5) The Transaction therefore constitutes a concentration pursuant to Art. 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

- (6) The Notifying Party submitted a referral request (Form RS) on 22 March 2023, pursuant to which the Member States competent to review the Transaction⁴ did not express their disagreement at the request for a referral. The Transaction is therefore considered to have a community dimension pursuant to Art. 4(5) of the Merger Regulation.

4. MARKET DEFINITION

4.1. Product market definition

- (7) Jacquet Metals and the Targets both distribute steel products.

4.1.1. The Commission’s decisional practice

4.1.1.1. Distinction between production and distribution of steel products

- (8) In its past decisions, the Commission considered that for steel products significant differences exist between production and direct sale, on the one hand, and distribution, on the other hand, in terms of (i) number of customers; (ii) size of orders; (iii) ability to respond rapidly to customer requirements; (iv) geographic scope of the business; and (v) number of companies involved in the business.⁵

⁴ These are Czechia, Hungary, Poland and Slovakia.

⁵ M.5072 – AMSCC/BE Group/JV, para. 11.

4.1.1.2. Distinction by distribution channels

- (9) In past decisions, the Commission held that, within the distribution business, a distinction is to be made according to the distribution channels concerned:
- (a) distribution through stockholding centres;
 - (b) distribution through steel service centres and
 - (c) distribution through oxy-cutting centres.
- (10) The Commission considered, *inter alia*, that these three types of distribution (i) concern different products; (ii) use different means and techniques, which involve investments in (specific) machinery, to carry out their core activities; and (iii) develop different products aimed at particular kinds of clients.⁶

4.1.1.3. Distinction based on shapes and the type of material

- (11) Similarly, the Commission's decisional practice regarding the distribution of steel considered a distinction according to the shape of steel products concerned, *i.e.*, flat steel products (e.g., plates, coils) vs. long steel products (e.g., bars, tubes).⁷
- (12) A distinction is further made between carbon steel and stainless steel.⁸ Similarly, the distribution of special steel products⁹ was also distinguished, in particular, since special steels are characterised by high levels of purity.¹⁰
- (13) The Commission considered, *inter alia*, that steel products in these categories differ in terms of (i) chemical composition; (ii) price; (iii) technical means used (in particular, regarding machines used for cutting;) and (iv) end applications.

4.1.2. Notifying Party's views

- (14) The Notifying Party agrees with the abovementioned product market definition based on the past Commission's practice.

4.1.3. Commission's assessment

4.1.3.1. Distinction by distribution channel

- (15) The Commission considers that, consistent with its past practice and absent indications to the contrary from the market investigation, a distinction by distribution channel is also warranted in the present case.
- (16) In this respect, market participants, both competitors and customers of the Parties, that expressed their views in response to the Commission's market investigation unanimously confirmed the abovementioned distribution channels for steel

⁶ M.5072 – AMSCC/BE Group/JV, para 12. This is for instance the case of steel service centres which offer various value-added services such as slitting and cutting the material as required by the customers.

⁷ ECSC.1351, Usinor/Arbed/Aceralia (2001), para 13.

⁸ M.5808 – JSA/Jacquet Metals/IMS, para 13.

⁹ CECA.1268 – Usinor/Cockerill Sambre, para 54; M.7576 – Jacquet Metal Service SA/Schmolz Bickenbach Steel Distribution Business, para 23.

¹⁰ M.7273 – Gerdau Europe/Ascometal, para 23.

products, namely (i) distribution via stockholding centres, (ii) distribution via steel service centres and (iii) distribution via oxy-cutting centres.¹¹

4.1.3.2. Distinction by product type and shape

(17) The Commission considers that, consistent with its past practice and absent indications to the contrary from the market investigation, a distinction by type and shape is also warranted in the present case.

(18) In this respect, market participants, both competitors and customers of the Parties, that expressed their views in response to the Commission's market investigation unanimously confirmed that the distribution of flat stainless steel products forms a separate market from the distribution of long stainless steel products,¹² with no need to further subsegment the distribution of long stainless steel products (e.g. between bar and tubes) given that their distribution conditions are similar.¹³

4.2. Geographic market definition

4.2.1. *The Commission's past practice*

(19) In its past decisions, the Commission considered that the above distribution markets are national in scope or possibly wider than national, *i.e.*, regional in scope.¹⁴

(20) In other decisions, the Commission considered that the market for the distribution of stainless steel by service centres could be national. In particular, it considered that Sweden was a relevant geographic market, but ultimately left the market definition open.¹⁵

(21) The Commission found, in particular, that the geographic area serviced by an individual stockholding depot is determined by transport costs and delivery times. It also found that the value added by steel distribution operations is comparatively low, so that transport costs are an important constraint on the ability of a distribution operation to compete over long distances. Whether the geographic market includes one or more Member States depends upon several factors, including the size of the Member State, the type and value of the products sold and the location of competitors.¹⁶

(22) The Commission noted, *inter alia*, that “[t]he market investigation confirmed that the geographic market for the distribution of steel products via stockholding centres in Member States of limited geographic size is more likely to be cross-border and regional than national”.¹⁷ In this respect, the Commission identified several ‘regions’ which could be considered as constituting a geographic market.¹⁸

(23) The Commission ultimately left the market definition open in those cases.

¹¹ Response to eRFI to competitors, question D.1; response to eRFI to customers, question D.A.1.

¹² Response to eRFI to competitors, question E.1; response to eRFI to customers, question D.B.1.

¹³ Response to eRFI to customers, question D.B.3.

¹⁴ ECSC.1351 – Usinor/Arbed/Aceralia, para 100 ff; M.4137 – Mittal/Arcelor, paragraph 80; and M.7576 – Jacquet Metal Service SA/Schmolz Bickenbach Steel Distribution Business, paragraph 17.

¹⁵ M.5072 - AMSSC / BE GROUP / JV, paragraphs 14-15.

¹⁶ ECSC.1351 – Usinor/Arbed/Aceralia, paragraph 101.

¹⁷ M.7576 – Jacquet Metal Service SA/Schmolz Bickenbach Steel Distribution Business, paragraph 19.

¹⁸ M.7576 – Jacquet Metal Service SA/Schmolz Bickenbach Steel Distribution Business, paragraph 18. One of these regional markets was the market comprising Hungary and Slovakia.

4.2.2. *The Notifying Party's view*

- (24) The Notifying Party agrees with the abovementioned geographic market definition as based on the past Commission's practice.

4.2.3. *The Commission's assessment*

- (25) As explained in section 5.2, the Transaction gives rise to four affected markets for the distribution of long stainless steel products through stockholding centres in Czechia, Hungary, Slovakia and the region comprising Slovakia and Hungary.
- (26) The Commission considers that, in line with its past practice and absent indications to the contrary from the market investigation, the market for the distribution of long stainless steel products through stockholding centres is either national or regional at most.
- (27) From a supply-side perspective, the Commission considers that mainly due to the distribution structure of the Parties having a separate legal entity and physical stock per Member State, the geographic market could be national in the Member States concerned (i.e. Czechia, Hungary and Slovakia).
- (28) This finding was confirmed by the market investigation where the majority of competitors expressing their view recognised that while the conditions of competition are homogeneous in the EEA,¹⁹ competitors typically distribute the long stainless steel products on a country-by-country basis.²⁰
- (29) From a demand-side perspective, customers also confirmed that while the conditions of competition are homogenous among different regions of the EEA,²¹ the majority of them still required their distributor to have a local presence in their country of activity (e.g. short-term stock handling and intimate delivery).²² Similarly, despite the fact that a majority of customers confirmed that sourcing of long stainless steel products can be done at regional, i.e. larger than national basis,²³ especially to cope with unexpected situations, some customers also indicated that they were referred back to the subsidiary active in their national market whenever they requested quotes from the branches of the Parties that are active in a neighbouring Member State.²⁴
- (30) On balance, the investigation suggests that the markets for the wholesale distribution of long stainless-steel products in the EEA are national in scope. However, the Commission also will consider regional markets in its competitive assessment as the Transaction leads to affected markets based on that geographic segmentation as well.
- (31) In any event, for the purpose of this decision, the precise geographic market definition can be left open on this point as no serious doubts arise as to the compatibility of the Transaction with the internal market with regard to the horizontal overlap between the Parties' activities in the distribution of long

¹⁹ Response to eRFI to competitors, question F.1.

²⁰ Response to eRFI to competitors, question F.3.

²¹ Response to eRFI to customers, question E.4.

²² Response to eRFI to customers, question E.5.

²³ Response to eRFI to customers, question E.1.

²⁴ Non-confidential minutes of a call with a customer, 2 August 2023, paragraph 5.

stainless steel in the EEA irrespective of whether the relevant markets are considered national or regional (groups of more than one country).

4.3. Conclusion

- (32) The precise geographic market definition can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible geographic market definition. For the purpose of this decision, the competitive assessment of long stainless-steel products distribution will be carried out at the narrowest level, i.e. a national level in Czechia, Hungary and Slovakia, as well as at regional level in respect of Hungary and Slovakia.

5. COMPETITIVE ASSESSMENT

5.1. Legal framework

- (33) Under Article 2(2) and (3) of the Merger Regulation, the Commission must assess whether a proposed concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular, through the creation or strengthening of a dominant position.²⁵
- (34) Under Article 6(1)(b) of the Merger Regulation, where the Commission finds that a concentration does not raise serious doubts as to its compatibility with the internal market it shall decide not to oppose it and shall declare that it is compatible with the internal market.
- (35) In this respect, a merger can entail horizontal and/or non-horizontal effects.
- (36) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. These effects can be coordinated or non-coordinated. The Commission appraises horizontal effects in accordance with the Horizontal Merger Guidelines ('HMG').²⁶
- (37) According to paragraph 25 of the HMG, a merger giving rise to non-coordinated effects would significantly impede effective competition by creating or strengthening the dominant position of a single firm, one which, typically, would have an appreciably larger market share than the next competitor post-merger.
- (38) Paragraph 17 of the HMG further explains that '*according to well-established case law, very large market shares — 50% or more — may in themselves be evidence of the existence of a dominant market position. However, smaller competitors may act as a sufficient constraining influence if, for example, they have the ability and incentive to increase their supplies*'.
- (39) Paragraph 26 of the HMG adds that '*[a] number of factors, which taken separately are not necessarily decisive, may influence whether significant non-coordinated effects are likely to result from a merger*'. In addition to market shares that, according to paragraph 27 of the HMG, are normally '*important factors in the*

²⁵ With regard to the application of the Merger Regulation in the EEA, see Annex XIV to the EEA Agreement.

²⁶ Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Horizontal Merger Guidelines'), OJ C 31, 5.2.2014.

assessment' and first indicators of market power and increases in market power, a non-exhaustive list of other relevant factors that might lead to a significant impediment to effective competition are explained in paragraphs 28-38 of the HMG.

- (40) These factors, which taken separately are not necessarily decisive, may influence whether significant non-coordinated effects are likely to result from a merger, in particular, whether merging firms have large market shares, merging firms are close competitors, customers have limited possibilities of switching suppliers, competitors are unlikely to increase supply if prices increase, the merged entity would be able to hinder expansion by competitors, and the merger eliminates an important competitive force²⁷.

5.2. Affected markets

- (41) Based on the plausible market definitions detailed in Section 4, the Transaction gives rise to four affected markets for the distribution of long stainless steel products through stockholding centres in Czechia, Hungary, Slovakia, and a region comprising Hungary and Slovakia.²⁸

Table 1 - Market shares (2020 to 2022 in volume) of the Parties in the affected markets

Distribution of long stainless steel products	2022			2021			2020		
	Jacquet Metals	Targets	Combined	Jacquet Metals	Targets	Combined	Jacquet Metals	Targets	Combined
<i>Sales by stockholding centres in Czechia</i>	[10-20]%	[5-10]%	Approx [20-30]%	[10-20]%	[5-10]%	Approx [20-30]%	[10-20]%	[5-10]%	Approx [20-30]%
<i>Sales by stockholding centres in Hungary</i>	[20-30]%	[5-10]%	Approx [30-40]%	[20-30]%	[5-10]%	Approx [30-40]%	[20-30]%	[5-10]%	Approx [30-40]%
<i>Sales by stockholding centres in Slovakia</i>	[30-40]%	[0-5]%	Approx [30-40]%	[30-40]%	[0-5]%	Approx [30-40]%	[30-40]%	[0-5]%	Approx [30-40]%
<i>Sales by stockholding centres in the region comprising Hungary and Slovakia</i>	[30-40]%	[5-10]%	Approx [30-40]%	[30-40]%	[5-10]%	Approx [30-40]%	[30-40]%	[5-10]%	Approx [30-40]%

²⁷ Horizontal Merger Guidelines, paragraph 24.

²⁸ As confirmed by the Notifying Party, the outcome of a competitive assessment would not be materially different also considering a segmentation between wholesalers offering value added service and those that do not offer such services discussed in paragraph 9 above since the transaction does not lead to affected markets for the distribution stainless steel products by service centres.

5.3. The Notifying Party's views

- (42) The Notifying Party argues that the Transaction is unlikely to raise serious doubts in respect of the distribution of long stainless steel products by stockholding centres in Czechia, Hungary, Slovakia and the region comprising Hungary and Slovakia for the following main reasons: (i) the combined market share of the merged entity post-Transaction would be below 40%, (ii) the Transaction gives rise to an insignificant or limited market share increment, (iii) sufficient alternative suppliers would remain post-Transaction whilst there are no specific barriers to entry, and (iv) customers can easily switch among different suppliers.²⁹

5.4. The Commission's assessment

5.4.1. Czechia

5.4.1.1. The Commission's assessment

- (43) For the reasons set out below, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the distribution of long stainless-steel products through stockholding centres in the Czechia.
- (44) First, the 2022 combined market share of the merged entity is at approximately [20-30]%. Jacquet Metals' estimated market share ranged from approximately [10-20]% to approximately [10-20]% (in volume) between 2020 and 2022. For the Targets, their estimated share ranged between approximately [5-10]% and approximately [5-10]% over the same period.³⁰ These estimated shares have been broadly confirmed during the market investigation³¹ and remain below the thresholds above which a concentration may normally be found liable to impede effective competition.³²
- (45) Second, the Transaction brings about a very limited increment of less than [5-10]%, pertaining to the Targets' activities in Czechia in 2022, and hence does not significantly change the competitive structure of the market. Most respondents to the market investigation did not consider the Targets to be a strong supplier in Czechia.³³
- (46) Third, there are several alternative suppliers competing with Jacquet Metals and the Targets. According to Jacquet Metals, the main competitors over the last three years (i.e. 2020 – 2022) include: Italinnox CZ ([30-40]%, the market leader in terms of value and volume), Nerez Novel / Nerezové Materiály ([20-30]% in terms of value and volume) and CS Steel ([0-5]-[5-10]% in terms of value and volume).³⁴ The Commission's market investigation confirmed AK 1324, Nova Trading, Valbruna, Feron, Prima Kovlo and other local suppliers to be additional competitors.³⁵ These alternative suppliers have enough spare storage capacity to

²⁹ Form CO, pages 74, 75, 103 and 105.

³⁰ Form CO, Tables 7.3.a and 7.3.b.

³¹ Response to eRFI to competitors, question F.1.

³² Horizontal Merger Guidelines, paragraph 18.

³³ Non-confidential minutes of a call with a customer, 3 August 2023, paragraph 4.

³⁴ Form CO, Table 7.4.

³⁵ Response to eRFI to competitors, question F.1, non-confidential minutes of a call with a customer, 22 June 2023, paragraph 4 and non-confidential minutes of a call with a competitor, 23 August 2023, paragraph 11.

increase distribution, if necessary, which was confirmed by the market investigation.³⁶ The Commission therefore considers that customers would be left with a sufficient number of credible alternative suppliers to which they could turn in the market for the distribution of long stainless steel products by stockholders in Czechia.

- (47) Fourth, the Parties are not close competitors. Respondents to the market investigation confirmed that the Targets are focused on special grades of stainless steel in Czechia whereas Jacquet Metals has a wide assortment of stainless-steel products.³⁷
- (48) Lastly, no substantiated concerns were raised by respondents to the market investigation related to the impact of the Transaction on the market for distribution of long stainless-steel products by stockholding centres in Czechia. The respondents to the market investigation did not expect the Transaction to have a negative effect on prices, security of supply, available volumes and commercial terms.³⁸

5.4.1.2. Conclusion

- (49) In view of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the horizontal overlap between the Parties' activities in the market for the distribution of long stainless-steel products through stockholding centres in Czechia.

5.4.2. Hungary

5.4.2.1. The Commission's assessment

- (50) For the reasons set out below, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the horizontal overlap between the Parties' activities in the distribution of long stainless steel products through stockholding centres in Hungary.
- (51) First, the combined market share (in terms of volume) of the merged entity was of approximately [30-40]% in 2022. In 2022, Jacquet Metals' market share was at approximately [20-30]% whereas the Targets' market share was at [5-10]%. The Parties' respective market shares were broadly similar in 2021 and 2020.³⁹ The Commission has been able to confirm that these shares accurately reflect the Parties' market position despite claims from certain market participants that the Parties may have higher market shares.⁴⁰ In particular, the Commission's market reconstruction of the market for the distribution of long stainless steel products

³⁶ Response to eRFI to customers, question F.9.

³⁷ Response to eRFI to competitors, question F.3 and F.4, and non-confidential minutes of a call with a competitor, 22 August 2023, paragraph 10.

³⁸ Responses to eRFIs to competitors and customers, questions G.1 to G.3, non-confidential minutes of a call with a customer, 24 August 2023, paragraph 8 and non-confidential minutes of a call with a competitor, 22 August 2023, paragraph 19.

³⁹ Form CO, Table 7.8.b. The Parties combined market shares were at [30-40]% in 2021 (Jacquet Metals [20-30]% and the Targets [5-10]%) and [30-40]% in 2020 (Jacquet Metals [20-30]% and the Targets [5-10]%).

⁴⁰ Non-confidential minutes of a call with a competitor, 28 June 2023, paragraph 9.

through stockholding centres in Hungary confirmed that the Parties' market shares do not significantly diverge from those submitted by the Notifying Party. In view of the above, the combined market share is not indicative of the existence of a significant market power.⁴¹

- (52) Second, the Targets have a limited presence in Hungary. Over the last three years, the Targets' market share in terms of volume has never exceeded [5-10]%.⁴² In line with this, a majority of competitors did not list the Targets as an important supplier of long stainless-steel products in Hungary.⁴³ The limited presence of the Targets in the distribution of long stainless steel products in Hungary is also confirmed by the feedback received from customers during the market investigation. One customer explained that *“Swiss Steel is rather a limited player that is not considered as a possible alternative for the Company and as such the transaction will not have any impact on the Company”*.⁴⁴
- (53) Third, a sufficient number of credible alternative stockholding suppliers of long stainless steel through stockholding centres products would remain active in Hungary.
- (54) As shown in Table 2 below, at least three sizeable players will continue to be active in Hungary. In addition to these suppliers, several other stockholding companies will also continue to be active in the supply of long stainless steel products in Hungary. These include at least four additional suppliers listed by the Parties but which did not provide their views in response to the Commission's market investigation. However, customers contacted in the context of the Commission's market investigation confirmed that they source long stainless-steel products from some of these suppliers as well⁴⁵ while competitors also listed some of them among the largest stockholders distributing long stainless steel in Hungary.⁴⁶

Table 2 - List of credible alternative suppliers based on Commission's market reconstruction

Competitor	Market share
Competitor 1	[10-20%]
Competitor 2	[10-20%]
Competitor 3	[10-20%]
Others	[0-10%]

- (55) Fourth, the competitors that will remain active in the market are able to exercise a sufficient competitive constraint on the merged entity. In this respect, customers contacted in the context of the Commission's market investigation confirmed the existence of enough alternative suppliers.⁴⁷ According to customers, these suppliers

⁴¹ Horizontal Merger Guidelines, paragraph 17.

⁴² Form CO, Table 7.8.b.

⁴³ Responses to eRFI to competitors, question G.1.

⁴⁴ Non-confidential minutes of a call with a customer, 28 June 2023, paragraph 7.

⁴⁵ Responses to eRFI to customers, question C.1.

⁴⁶ Responses to eRFI to competitors, question G.1.

⁴⁷ Responses to eRFI to customers, question F.8.

have enough spare storage capacity at their distribution centres to increase their supply, if necessary.⁴⁸ Competitors also explained that they are able to constrain the merged entity post-Transaction. For instance, one competitor explained that “[i]f post-transaction the merged entity charges higher prices for stainless steel bar products, the Company expects to capture certain switching customers from the merged entity”.⁴⁹

- (56) Finally, no market participant (save for one⁵⁰) has raised concerns that the Transaction would negatively impact the market(s) for the distribution of long stainless steel products by stockholding centres in Hungary.
- (57) In particular, all but one market participant indicated that the Transaction would have no effect or even a positive effect on price (i.e. no price increase), security of supply or commercial terms.⁵¹ One customer explained: “[t]hey will increase the volumes and because of that they may have better price.”⁵² and “[t]hey may have larger stock, more grades and more shape.”⁵³ All customers also considered that the Transaction would have no impact on their business.⁵⁴

5.4.2.2. Conclusion

- (58) In view of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the horizontal overlap between the Parties’ activities in the market for the distribution of long stainless steel products through stockholding centres in Hungary.

5.4.3. Slovakia

5.4.3.1. The Commission’s assessment

- (59) For the reasons set out below, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the horizontal overlap between the Parties’ activities in respect of the market for distribution of long stainless steel products by stockholding centres in Slovakia.
- (60) First, the 2022 combined market share of the merged entity is below 40%. In terms of volume, in 2020 - 2022, Jacquet Metals’ estimated market share ranged from [30-40]% to [30-40]%, whereas the Targets’ estimated market share ranged from [0-5]% to [0-5]%.⁵⁵ In terms of value, in 2020 - 2022, Jacquet Metals’ estimated market share ranged from [30-40]% to [30-40]%, whereas the Targets’ estimated market share ranged from [0-5]% to [0-5]%.⁵⁶

⁴⁸ Responses to eRFI to customers, question F.9.

⁴⁹ Non-confidential minutes of a call with a competitor, 28 June 2023, paragraph 15.

⁵⁰ This market participant has not substantiated in any manner the concerns raised stressing only in conditional terms that “*In case their market share exceeds a healthy level, the market could be distorted. In such unexpected cases, prices may rise and exclusivity clauses may apply to certain products*”. Responses to eRFI to stainless steel competitor, question H.1.

⁵¹ Responses to eRFI to customers, question G.1; Responses to eRFI to stainless competitors, question H.1.

⁵² Responses to eRFI to customers, question G.3.

⁵³ Responses to eRFI to customers, question G.3.

⁵⁴ Responses to eRFI to customers, question G.1.

⁵⁵ Form CO, Table 7.13.b.

⁵⁶ Form CO, Table 7.13.a.

- (61) Second, the Transaction brings about a very limited increment, and hence does not significantly change the competitive structure of the market. The post-Transaction increment measured in market share is at or even below [0-5]% in terms of value and volume⁵⁷. Most respondents to the market investigation did not consider the Targets to be a strong supplier in Slovakia.⁵⁸
- (62) Third, there are several alternative suppliers competing with Jacquet Metals and the Targets. According to Jacquet Metals, over the last three years (i.e. 2020 to 2022) the main competitors include Nerez Novel / Nerezové Materiály ([20-30]% in terms of value and volume), Italinox Slovakia ([10-20]% in terms of value and volume), Amari Banero ([5-10]% in terms of value and volume) and thyssenkrupp ([5-10]% in terms of value and volume).⁵⁹ The Commission's market investigation confirmed that Valbruna Group, Premium Steel, Nova Trading, A-Ress, and LLZ Servis are additional alternative suppliers.⁶⁰
- (63) Fourth, these competitors are able to exercise a sufficient competitive constraint on the merged entity. The market investigation confirmed that customers source their requirements for long stainless-steel products from more than one supplier.⁶¹ Respondents to the market investigation confirmed that there would be sufficient alternative suppliers to cover customers' needs post-Transaction⁶² and that competing stockholding centres in Slovakia have sufficient spare storage capacity to increase their supply, if necessary.⁶³
- (64) Fifth, the Parties are not close competitors. Respondents to the market investigation confirmed that Jacquet Metals and the Targets do not compete closely, among others, in terms of product offering, pricing, or delivery.⁶⁴ The Targets focus on the distribution of carbon steel whilst Jacquet Metals concentrates on the distribution of stainless steel products in Slovakia.⁶⁵
- (65) Finally, no substantiated concerns were raised by respondents to the market investigation related to the impact of the Transaction on the market for distribution of long stainless steel products by stockholding centres in Slovakia. The respondents to the market investigation did not expect the Transaction to have a negative impact on prices, security of supply, available volumes or commercial terms.⁶⁶

5.4.3.2. Conclusion

- (66) In view of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the horizontal overlap between the Parties'

⁵⁷ Form CO, Table 7.13.a. and Table 7.13.b.

⁵⁸ Responses to eRFI to customers, question F.7.

⁵⁹ Form CO, Table 7.14.

⁶⁰ Responses to eRFI to customers, questions F.1 and F.2.; responses to eRFI to competitors, question G.1.; non-confidential minutes of a call with a customer, 8 August 2023, paragraphs 11 and 25.

⁶¹ Responses to eRFI to customers, question F.2.

⁶² Responses to eRFI to customers, question G.2; non-confidential minutes of a call with a competitor, 30 June 2023, paragraph 11.

⁶³ Responses to eRFI to customers, question F.9.

⁶⁴ Responses to eRFI to customers, question F.5.

⁶⁵ Non-confidential minutes of a call with a customer, 8 August 2023, paragraphs 7, 8.

⁶⁶ Responses to eRFI to customers, questions G.1. to G.3.

activities in the market for the distribution of long stainless steel products through stockholding centres in Slovakia.

5.4.4. The region comprising Hungary and Slovakia

(67) The Commission considers that the reasoning set out above with respect to each of Hungary and Slovakia applies *mutatis mutandis* to a potential regional market for the distribution of long stainless-steel products through stockholding centres covering these two countries.

(68) In view of this, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement with regard to the horizontal overlap between the Parties' activities in the market for the distribution of long stainless-steel products through stockholding centres in the region composed of Hungary and Slovakia.

6. CONCLUSION

(69) For the above reasons, the 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)

Didier REYNDERS

Member of the Commission