



EUROPEAN COMMISSION  
DG Competition

***Case M.11119 - GCA / STELLANTIS /  
ALD / LEASEPLAN***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 10/07/2023

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## EUROPEAN COMMISSION

Brussels, 10.7.2023  
C(2023) 4788 final

### **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 Where possible the information omitted has been replaced by ranges of figures or a general description.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.11119 – GCA / STELLANTIS / ALD / LEASEPLAN  
Commission decision pursuant to Article 6(1)(b) of Council Regulation  
No 139/2004<sup>1</sup> and Article 57 of the Agreement on the European Economic  
Area<sup>2</sup>**

Dear Sir or Madam,

- (1) On 9 June 2023, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004<sup>3</sup> according to which Crédit Agricole Consumer Finance S.A. ('CACF', France) would acquire (i) within the meaning of Article 3(1)(b) of the Merger Regulation sole control of

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

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

<sup>3</sup> OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation').

the whole of Merrion Fleet Management Limited ('ALD Ireland'), ALD Automotive AS ('ALD Norway'), LeasePlan Česká republika s.r.o. ('LP Czechia') and LeasePlan Finland Oy ('LP Finland'); and (ii) within the meaning of Article 3(1)(b) and 3(4) of the Merger Regulation joint control together with Stellantis N.V. ('Stellantis', the Netherlands), through their joint venture Leasys, S.A.S. ('Leasys', France),<sup>4</sup> of SGALD Automotive – Sociedade Geral de Comercio e Aluguer de Bens, S.A. ('ALD Portugal') and LeasePlan Luxembourg S.A. (LP Luxembourg') (together referred to as the 'Sellers') (the 'Transaction').<sup>5</sup>

- (2) The Transaction concerns a divestiture made by ALD S.A. (controlled by Société Générale S.A.) in implementation of the commitments offered in case M.10638 – ALD / LEASEPLAN which required the divestiture of ALD Ireland, ALD Norway, LP Czechia, LP Finland, ALD Portugal and LP Luxembourg (the 'Divestment Businesses').
- (3) CACF and Stellantis are herein after referred to as the 'Notifying Parties'.

## **1. THE PARTIES**

- (4) CACF is a wholly owned subsidiary of Crédit Agricole SA ('CASA'), the central body of Group Crédit Agricole ('GCA'), which is a French insurance and banking group whose perimeter includes CASA, regional and local banks, and their existing subsidiaries. GCA offers in France and abroad a wide range of banking and insurance-related services, including asset gathering, retail banking, specialised financial services and large customers.
- (5) Stellantis is a multinational automotive manufacturing corporation formed in 2021 based on a cross-border merger between FCA and PSA Group.<sup>6</sup> Stellantis is active worldwide in the development, manufacturing, and distribution of automotive vehicles, under the following brands: Peugeot, Citroën, DS Automobiles, Opel, Vauxhall, Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Maserati and Ram.
- (6) Each of ALD Ireland, ALD Norway, ALD Portugal, LP Czechia, LP Finland and LP Luxembourg is active in operational leasing and fleet management services.

## **2. THE OPERATION**

- (7) In accordance with an SPA signed on 23 March 2023, CACF undertook to purchase all the Divestment Businesses and will assign Leasys to purchase ALD Portugal and LP Luxembourg. According to the Consortium Agreement that the Notifying Parties signed in parallel, CACF is obliged to sell and Leasys is obliged to purchase ALD Portugal and LP Luxembourg (the 'Leasys Transaction'). Consequently, post-Transaction CACF will fully own and solely control ALD Ireland, ALD Norway, LP Czechia and LP Finland (the 'CACF Transaction'). CACF and Stellantis will jointly control, through Leasys, ALD Portugal and LP Luxembourg.

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<sup>4</sup> M.10728 - CACF / Stellantis / FCA Bank / F2ML.

<sup>5</sup> Publication in the Official Journal of the European Union No C 215, 19.6.2023, p. 5.

<sup>6</sup> M.9730 – FCA / PSA.

- (8) The Leasys Transaction and the CACF Transaction are interrelated transactions that cannot be severed from each other, as CACF must purchase all Divestment Businesses. Thereinafter, the Notifying Parties and the Sellers will be legally bound to close the Leasys Transaction and the CACF Transaction.
- (9) The Transaction is notified as a single concentration under paragraph 42 of the Consolidated Jurisdictional Notice according to which interrelated transactions where the same undertaking purchases sole control of part of an undertaking and joint control of another part constitute a single concentration.
- (10) Therefore, the Transaction constitutes a concentration within the meaning of Article 3(1)(b) and 3(4) of the Merger Regulation.

### **3. UNION DIMENSION**

- (11) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (CACF: EUR [...]; Stellantis: EUR 179 592 million; Divestment Businesses: EUR [...]). Each of them has an EU-wide turnover in excess of EUR 250 million (CACF: EUR [...]; Stellantis: EUR [...]; Divestment Businesses: EUR [...]). The undertakings concerned do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.
- (12) Therefore, the Transaction has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

### **4. RELEVANT MARKETS**

- (13) The main markets involved are the markets for operational leasing in which the Notifying Parties and the Divestment Businesses are active downstream and the markets for the manufacture and supply of passenger cars and commercial vehicles in which Stellantis is active upstream.

#### **4.1. Product market definition**

##### *4.1.1. Operational leasing*

##### *4.1.1.1. Commission's practice*

- (14) In previous decisions, the Commission defined a market for operational leasing services, distinct from a market for financial leasing,<sup>7</sup> that includes the leasing of the vehicle whose ownership remains with the leasing company<sup>8</sup> coupled by the provision of a range of fleet management services, such as maintenance, repair, fuel cards, tyre replacement, and insurance.

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<sup>7</sup> M.6436 - *Volkswagen Financial Services / D'Ieteren / Volkswagen D'Ieteren Finance JV*, paragraphs 15-18 and 25-27; M.6333 - *BMW/ING Car Lease*, paragraph 15.

<sup>8</sup> In financial leasing ownership ultimately passes to the lessee. See M.8309 - *Car Corporation/First rent a car*, paragraph 27.

- (15) The Commission considered a segmentation of the market between vehicles of up to 3.5 tons<sup>9</sup> and above 3.5 tons.<sup>10</sup> Further segmentations according to vehicle type (e.g. small, medium, large, executive, sport)<sup>11</sup> and brands of cars<sup>12</sup> were considered not to be relevant in past cases, since leasing companies serve all types of vehicles and customers require diversified fleets.<sup>13</sup> Moreover, the Commission has previously considered segmentations of the leasing market according to the size of customers (small- and medium-sized enterprises ('SMEs'), on the one hand, and large corporate customers, on the other)<sup>14</sup> and has considered that it is not appropriate to define separate relevant markets for the provision of operational leasing services by customer group.<sup>15</sup>

#### 4.1.1.2. The Notifying Party's views

- (16) The Notifying Parties agree that all operational leasing suppliers typically provide associated services such that the appropriate definition is one single operational leasing market including fleet management services.<sup>16</sup>
- (17) The Notifying Parties also consider that the Commission should leave the precise market definitions open in relation to the segmentations outlined in paragraph (15) above, as the Transaction does not raise any competition law issue under any plausible market delineation. They also underline in that respect that leasing companies are looking to offer to their customers the widest range of vehicle types (and brands) to fulfil their needs, so there is no business interest in specialising in only certain types of vehicles or car segments.<sup>17</sup>

#### 4.1.1.3. Commission's assessment

- (18) In view of past precedent and in line with the results of the market investigation that support a single market for operational leasing (without concluding on any further segmentations per type of cars or brands of cars or customer type), the Commission considers it appropriate to define one market for operational leasing (associated to a leasing contract and standalone fleet management services).<sup>18</sup>
- (19) In the present case, the assessment of the effects of the Transaction focuses on vehicles of up to 3.5 tons because the Notifying Parties are not active in operational leasing for vehicles above 3.5 tons.<sup>19</sup> For the reasons explained below, this segment does not raise any competition concerns, and therefore there is no prospect of

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<sup>9</sup> That is, all categories of passenger cars and light commercial vehicles ('LCVs') up to 3.5 tons.

<sup>10</sup> M.8744 - *Daimler/BMW/Car Sharing JV*, paragraphs 87-89; M.8309 - *Volvo Car Corporation/First Rent a Car*, paragraphs 34-37.

<sup>11</sup> M.8744 - *Daimler/BMW/Car Sharing JV*, paragraph 87; M.8309 - *VolvoCar Corporation/First Rent a Car*, paragraph 35(c); M.6333 - *BMW/ING Car Lease*, paragraph 12.

<sup>12</sup> M.8744 - *Daimler/BMW/Car Sharing JV*, paragraph 87.

<sup>13</sup> M.10638 - *ALD / LeasePlan*, section 3.1.1 and relevant references.

<sup>14</sup> M.8744 - *Daimler/BMW/Car Sharing JV*, paragraph 83 and M.8414 - *DNB/Nordea/Luminor Group*, paragraph 67.

<sup>15</sup> M.10638 - *ALD / LeasePlan*, section 3.1.1.

<sup>16</sup> Form CO, paragraph 118.

<sup>17</sup> Form CO, paragraph 121.

<sup>18</sup> eRFI 1 to leasing companies, questions C.A.1 and C.A.2.

<sup>19</sup> Form CO, paragraph 167. The Transaction will also not create a vertical link with respect to vehicles above 3.5 tons since Stellantis is not active in the manufacture and supply of such vehicles (Form CO, paragraph 198).

competition concerns on any broader market for operational leasing where the Parties' shares would be even lower.

#### 4.1.2. Manufacturing and supply of passenger cars and commercial vehicles

##### 4.1.2.1. Commission's practice

- (20) The Commission has in the past considered separate markets for the manufacturing and supply of passenger cars, on the one hand, and of commercial vehicles, on the other hand.<sup>20</sup>
- (21) For passenger cars, the Commission's decisional practice has defined separate product markets for: (i) mini cars; (ii) small cars; (iii) medium cars; (iv) large cars; (v) executive cars; (vi) luxury cars; (vii) sport cars; (viii) sport utility vehicles ("SUVs"); and (ix) multipurpose vehicles.<sup>21</sup>
- (22) The Commission has previously considered further sub-segmentation of the possible market for SUVs into: (i) small; (ii) medium; and (iii) large SUVs; but ultimately left the precise market definition open. Furthermore, the Commission left open whether electric cars constitute a separate product market and whether this possible market should be further segmented according to: (i) technology (electric battery cars and hybrid cars); or, (ii) by category of car, as those defined in paragraph (21) for vehicles with combustion engines.<sup>22</sup>
- (23) In previous decisions, the Commission considered a possible segmentation of the market for commercial vehicles into: (i) light commercial vehicles ("LCVs") with a gross weight below 6 tons; (ii) medium trucks between 6 and 16 tons; and (iii) heavy trucks above 16 tons.<sup>23</sup>
- (24) For LCVs, the Commission considered but ultimately left open whether to further sub-segment LCVs into vehicles: (i) up to 3.5 tons; and (ii) between 3.5 and 6 tons.<sup>24</sup> In addition, in previous decisions, within LCVs of up to 3.5 tonnes, the Commission defined separate markets for small LCVs (including small and compact), medium LCVs and large LCVs.<sup>25</sup> The Commission also ultimately left open whether pick-up trucks can be considered passenger cars given that they can be purchased for private use and can transport both goods and people.<sup>26</sup>

##### 4.1.2.2. The Notifying Parties' views

- (25) The Parties do not contest the product market definition previously considered and adopted by the Commission in previous decisions.<sup>27</sup>

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<sup>20</sup> M.8449 - *Peugeot/Opel*, paragraph 6; M.9360 - *Daimler/Geely/JV*, paragraph 14.

<sup>21</sup> M.9360 - *Daimler/Geely/JV*, paragraph 15; M.8449 - *Peugeot/Opel*, paragraph 11; M.5518 - *Fiat/Chrysler*, paragraph 12.

<sup>22</sup> M.8449 - *Peugeot/Opel*, paragraphs 7-16.

<sup>23</sup> M.8309 - *Volvo Car Corporation/First Rent a Car*, paragraph 13; M.8099 - *Nissan/Mitsubishi*, paragraph 17; M.4420 - *Credit Agricole Fiat Auto/FAFS*, paragraph 20.

<sup>24</sup> M.9360 - *Daimler/Geely/JV*, paragraph 17;

<sup>25</sup> M.9730 - *FCA / PSA*, paragraph 33.

<sup>26</sup> M.9360 - *Daimler/Geely/JV*, paragraph 17; M.8449 - *Peugeot/Opel*, paragraphs 21-24.

<sup>27</sup> Form CO, paragraph 143.

#### 4.1.2.3. Commission's assessment

- (26) The Commission's market investigation largely confirms the Commission's past approach that separate markets should be considered for the manufacturing and supply of passenger cars, on the one hand, and of commercial vehicles, on the other hand.<sup>28</sup> The results of the market investigation<sup>29</sup> further support the segmentations as described in paragraphs (21), (23) and (24) above.
- (27) The Commission considers that, for the purpose of the present decision, the question whether there are separate markets for passenger cars and commercial vehicles and whether they should be further sub-segmented as indicated at paragraphs (20)-(24) can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition for the manufacturing and supply of passenger cars and commercial vehicles.

## 4.2. Geographic market definition

### 4.2.1. Operational leasing

#### 4.2.1.1. Commission's practice

- (28) In past cases, while leaving the definition of the relevant geographic market open, the Commission found that the scope of the vehicle leasing markets is at least national in scope because of differences between Member States in: (i) tax and duty regimes (and the way different leasing formulas are treated under these regimes, impacting heavily their fiscal 'attractiveness' for customers), (ii) customer needs and preferences and (iii) different levels of wear in vehicles due to road conditions.<sup>30</sup> Furthermore, the Commission found that leasing products are not standardized at European level and that national markets differ considerably in terms of market size and maturity.<sup>31</sup>

#### 4.2.1.2. The Notifying Party's views

- (29) The Notifying Party indicated that for the purpose of the present case, the precise geographic market for operational leasing can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market under any of these plausible market definitions.<sup>32</sup>

#### 4.2.1.3. Commission's assessment

- (30) In line with past cases and taking into account the results of the market investigation, the Commission considers that the relevant geographic market for operational leasing services is national in scope.<sup>33</sup>

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<sup>28</sup> eRFI to OEMS, question C.A.1.

<sup>29</sup> eRFI to OEMS, questions. C.A.2 – C.A.

<sup>30</sup> M.6333 - *BMW/ING Car Lease*, paragraph 20; M.4199 - *De Lange Landen/Athlon*, paragraph. 20.

<sup>31</sup> M.3090 - *Volkswagen/Offset/Crescent/LeasePlan/JV*, paragraph. 11.

<sup>32</sup> Form CO, paragraph 146.

<sup>33</sup> eRFI to leasing companies, question C.B.1.

## 4.2.2. *Manufacturing and supply of passenger cars and commercial vehicles*

### 4.2.1.1. Commission's practice

(31) In previous decisions, the Commission has ultimately left open whether the geographic scope of the markets for manufacturing and supply of passenger cars and commercial vehicles is EEA-wide or national in scope.<sup>34</sup> In relation to LCVs in particular, the Commission has considered the market to be national in scope, while recognising the presence of some degree of out-of-market constraints from other countries.<sup>35</sup>

### 4.2.2.1. The Notifying Party's views

(32) The Notifying Parties submit that the exact geographic market definition can be left open because the Transaction does not raise competition concerns as to its compatibility with the internal market under any alternative plausible market definition.<sup>36</sup>

### 4.2.2.2. Commission's assessment

(33) The Commission considers that for the purpose of the present decision the question whether the market for manufacturing and supply of passenger cars and commercial vehicles (and possible sub-segments) is EEA-wide or national can be left open. The Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

## 5. **COMPETITIVE ASSESSMENT**

### 5.1. **Analytical framework**

(34) Under Article 2(2) and (3) of the Merger Regulation,<sup>37</sup> 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. Depending on the position of the parties in the supply chain, a concentration may entail horizontal and/or non-horizontal effects.

(35) Horizontal effects arise when the parties to a concentration are actual or potential competitors in one or more of the relevant markets concerned. The Commission appraises horizontal effects in accordance with the guidance set out in the Horizontal Merger Guidelines.<sup>38</sup>

(36) Non-horizontal effects arise when the parties to a concentration operate in different levels of the supply chain in certain relevant markets (vertical effects). The

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<sup>34</sup> M.9360 - *Daimler/Geely/JV*, paragraph 19, M.8449 - *Peugeot/Opel*, paragraph 26.

<sup>35</sup> M.9730 - *FCA / PSA*, paragraphs 163 and 165.

<sup>36</sup> Form CO, paragraph 162.

<sup>37</sup> As regards the assessment in relation to the EEA, see also Annex XIV to the EEA Agreement.

<sup>38</sup> Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (OJ C 31, 5.2.2014, p. 5) ('Horizontal Merger Guidelines').



Commission appraises non-horizontal effects in accordance with the guidance set out in the Non-Horizontal Merger Guidelines.<sup>39</sup>

- (37) Both the Horizontal and Non-Horizontal Merger Guidelines distinguish between two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated and coordinated effects.
- (38) In horizontal mergers, non-coordinated effects may significantly impede effective competition by eliminating the competitive constraint imposed by each party to the merger on the other, as a result of which the merged entity would have increased market power, without resorting to coordinated behaviour. In that regard, the Horizontal Merger Guidelines consider not only the direct loss of competition between the merging firms, but also the reduction in competitive pressure on non-merging firms in the same market that could be brought about by the merger.<sup>40</sup>
- (39) The Horizontal Merger Guidelines list a number of factors, which may influence whether or not significant non-coordinated effects are likely to result from a merger. In particular, the Horizontal Merger Guidelines refer the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers or the fact that the merger would eliminate an important competitive force.<sup>41</sup> Not all these factors need to be present for significant non-coordinated effects to be likely. The list of factors is also not exhaustive.
- (40) In non-horizontal mergers, non-coordinated effects may arise when the concentration gives rise to foreclosure. In vertical mergers, foreclosure can take the form of input foreclosure, where the merger is likely to raise costs of downstream rivals by restricting their access to an important input; and/or the form of customer foreclosure, where the merger is likely to foreclose upstream rivals by restricting their access to a sufficient customer base.<sup>42</sup>
- (41) In assessing the likelihood of an anticompetitive foreclosure scenario, the Commission examines whether the merged entity would have post-transaction the ability to foreclose access to either inputs or customers, whether the merged entity would have the incentives to do so and whether such foreclosure strategy would have a detrimental effect on competition.<sup>43</sup>

## **5.2. Horizontal overlap: operational leasing services**

- (42) The Notifying Parties' activities overlap horizontally with the activities of the Divestment Businesses in Portugal and Luxembourg but give rise to an affected

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<sup>39</sup> Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings (OJ C 265, 18.10.2008, p. 6) ('Non-Horizontal Merger Guidelines').

<sup>40</sup> Horizontal Merger Guidelines, paragraph 24.

<sup>41</sup> Non-Horizontal Merger Guidelines, paragraph 26.

<sup>42</sup> Non-Horizontal Merger Guidelines, paragraph 30.

<sup>43</sup> Non-Horizontal Merger Guidelines, paragraph 30.

market only for the provision of operational leasing and fleet management services (vehicles up to 3.5 tons) only in Portugal.<sup>44</sup>

- (43) The tables below present the Notifying Parties' market shares for the provision of operational leasing and management services (vehicles up to 3.5 tons) in Portugal.

**Table 1: market shares for the provision of operational leasing and management services (vehicles up to 3.5 tons) in Portugal**

<b>Company</b>	<b>Market share</b>
Notifying Parties	[5-10]%
ALD Portugal	[10-20]%
<b>Combined entity</b>	<b>[20-30]%</b>
LeasePlan (owned by ALD S.A.)	[40-50]%
Arval	[5-10]%
Locarent	[5-10]%
Kinto	[5-10]%
VWFS	[0-5]%
Athlon	[0-5]%
Others	[0-5]%
<b>Total</b>	<b>100%</b>

*Source: Form CO*

- (44) As can be seen in the table above, post-Transaction the combined entity will represent a market share below the 25%, the threshold below which an indication exists that a concentration may be presumed compatible with the internal market.<sup>45</sup> LeasePlan (now owned by ALD S.A., that is divesting ALD Portugal) will remain by far the largest leasing company in Portugal. In addition, there will remain several sizeable competitors in the market with market shares above 5%. Among them, leading international leasing companies, Arval and Athlon. VWFS, the leasing arm of Volkswagen, is also present in the market. Consequently, it appears that post-Transaction sufficient number of credible competitors will remain in the Portugal. The conclusion remains unchanged when looking at the combined entity's market shares for specific customer segments, exceeding 25% only as regards SME customers ([20-30]% combined share).<sup>46</sup>
- (45) Furthermore, the Notifying Parties and ALD Portugal are not close competitors. While the Notifying Parties are active in operational leasing in Portugal and the EEA they do not belong to the group of the larger international leasing companies. Closer competition in Portugal exists between the larger international leasing companies, primarily ALD S.A. and Arval and to certain extent Athlon.<sup>47</sup> The Notifying Parties do not currently belong to this group of closer competitors.

<sup>44</sup> In addition, the Transaction will create minor horizontal overlaps between the Parties activities in the sale of used vehicles and distribution of motor vehicle insurance in Portugal and Luxembourg and the provision of operational leasing and fleet management services in Luxembourg. These overlaps however will not give rise to affected markets.

<sup>45</sup> Horizontal merger guidelines, paragraph 18.

<sup>46</sup> Form CO, table 13.

<sup>47</sup> See Case M.10638 – ALD / LEASEPLAN, paragraphs 32, 42-64, 144-154.

- (46) Market participants responding to the Commission’s market investigation did not raise horizontal competition concerns.
- (47) In view of these considerations, it is unlikely that the Transaction would raise horizontal concerns.

**5.3. Vertical overlap: manufacture and supply of passenger cars and commercial vehicles (upstream) and operational leasing and fleet management (downstream)**

- (48) Vehicles are the essential upstream input for leasing companies. The Transaction creates vertical links between Stellantis’ upstream activities in the manufacture and supply of passenger cars and commercial vehicles and the downstream operational leasing and fleet management activities of the Divestment Business<sup>48</sup> in Portugal and Luxembourg.<sup>49</sup>
- (49) The table below provides the market shares of Stellantis in Portugal and Luxembourg in the markets for the manufacture and supply of passenger cars and commercial vehicles (to 3.5 tons)<sup>50</sup> in the overall market and in the individual vehicle categories in which the market shares are above 30%.

**Table 2: market shares for the manufacture and supply of passenger cars and commercial vehicles (up to 3.5 tons)**

<b>Vehicle category</b>	<b>Stellantis’ market shares Luxembourg</b>	<b>Stellantis’ market shares Portugal</b>
Overall, up to 3.5 tons	[10-20]%	[20-30]%
Mini cars	[50-60]%	[60-70]%
Small cars	[30-40]%	[30-40]%
Sport utility vehicles (SUVs)	[30-40]%	[30-40]%
Multipurpose vehicles	(<30%)	[30-40]%
LCVs up to 3.5 tons (small)	[30-40]%	[60-70]%
LCVs up to 3.5 tons (medium)	[30-40]%	[30-40]%
LCVs up to 3.5 tons (large)	[40-50]%	(<30%)

*Source: Form CO, tables 19 and 20 and response to RFI-1*

<sup>48</sup> The Transaction will create a minor vertical overlap between the activity of GCA in the provision of motor vehicle insurance in Portugal and the activity of ALD Portugal in the distribution of mother vehicle insurance. This overlap will not give rise to vertically affected markets.

<sup>49</sup> The Divestment Businesses in the other Member States will be solely controlled by CACF. The Transaction does not create a link with Stellantis in those Member States.

<sup>50</sup> Stellantis is not active the supply of commercial vehicles above 3.5 tons; Form CO, paragraph 198.

- (50) Stellantis' market shares upstream remain below 30% on the overall market for the manufacture and supply of vehicles (up to 3.5 tons), while exceeding 30% as regards some vehicle segments, especially for mini cars and LCVs up to 3.5 tons. In the downstream market for the provision of operational leasing services (up to 3.5 tons) the Parties' post-Transaction combined market shares will be [10-20]% in Luxembourg and [20-30]% In Portugal.

### 5.3.1. *Input foreclosure*

#### 5.3.1.1. Ability to foreclose

- (51) It is unlikely that post-Transaction Stellantis will have the ability to engage in input foreclosure.
- (52) First, when examining the overall market for the manufacture and supply of passenger cars and commercial vehicles (up to 3.5 tons), Stellantis's market share is only [20-30]% in Portugal and [10-20]% in Luxembourg and the Transaction would not give rise to vertically affected markets. In each of Portugal and Luxembourg, leasing companies can source vehicles from multiple sources such as different OEMs, dealers and importers.<sup>51</sup> The majority of leasing companies responding to the Commission's market investigation were of the view that in each of Luxembourg and Portugal there are sufficient suppliers of vehicles to leasing companies.<sup>52</sup> In such circumstances Stellantis is unlikely to be able to engage in input foreclosure.
- (53) Second, even if looking at specific vehicle categories with respect to which Stellantis has higher market shares, there will remain a significant number of large international manufacturers active in Portugal and Luxembourg in each vehicle category, for example Volkswagen, Renault-Nissan-Mitsubishi, Mercedes-Benz, Toyota, BMW, Ford Hyundai-Kia, and others.<sup>53</sup> Portugal and Luxembourg represent a very small share of demand to vehicles in the EEA<sup>54</sup> and leasing companies in these countries represent only a portion of this limited demand.<sup>55</sup> Consequently, even if in some vehicle categories the market share of Stellantis are above 30% in Luxembourg and Portugal, it is unlikely that other car manufacturers would have difficulties replacing Stellantis' supply in Luxembourg and Portugal should it engage in input foreclosure.<sup>56</sup>

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<sup>51</sup> eRFI 2 to OEMs, question D.5. eRFI 1 to leasing companies, question D.1.

<sup>52</sup> eRFI 1 to leasing companies, question D.2.

<sup>53</sup> Form CO, tables 19 and 20; eRFI 2 to OEMs, question D.1.

<sup>54</sup> Luxembourg represents 0.4% and Portugal 1.5% of the overall demand in the EEA for passenger cars and commercial vehicles (up to 3.5 tons). Luxembourg represents 0.6% and Portugal represents 1.3% of the overall demand in the EEA for operational leasing and fleet management services for passenger cars and commercial vehicles (up to 3.5 tons). Response of the Notifying Parties to RFI-1, questions 1 and 2.

<sup>55</sup> The Notifying Parties estimate that leasing companies in each of Luxembourg and Portugal represent about 45% of demand; response of the Notifying Parties to RFI-1, paragraphs 11-14.

<sup>56</sup> Form CO, paragraphs 215-227. The production and distribution of motor vehicles are organised on EEA and even worldwide level (that is, production centres from which vehicles are distributed through the EEA or the world). Considering the small share of demand in Luxembourg and Portugal, car manufacturers could easily replace Stellantis' supply either by redirecting surplus or increasing production.

- (54) This conclusion is supported by the Commission's market investigation. The majority of OEMs and leasing companies expressing an opinion in the market investigation were of the view that there are sufficient alternative supply sources in all vehicle segments in Luxembourg and Portugal.<sup>57</sup> Moreover, the majority of OEMs expressing an opinion in the market investigation consider that in case Stellantis were to stop supplying or deteriorate the terms of supply of vehicles to leasing companies in each of Portugal and Luxembourg, leasing companies would be able to compensate by sourcing vehicles from other OEMs in a viable manner.<sup>58</sup>
- (55) Third, as the Notifying Parties explain, Stellantis is unable to implement an input foreclosure strategy because it relies for distribution on a network of independent dealers and it cannot prevent its independent dealers from supplying competing leasing companies.<sup>59</sup> [...].<sup>60</sup>
- (56) Fourth, leasing companies do not purchase vehicles according to categories but across categories.<sup>61</sup> Consequently, Stellantis' position in one vehicle segment would not necessarily grant it market power towards leasing customers, since customers can easily purchase vehicles from an adjacent segment and from competing manufacturers.
- (57) Fifth, leasing companies to whom Stellantis is selling vehicles in Portugal and Luxembourg, [...] are international companies that have framework supply contracts with Stellantis and purchase vehicles in multiple countries in the EEA.<sup>62</sup> In addition, Stellantis has direct international framework agreements with large corporate end customers that use leasing services. Under these agreements Stellantis guarantees the end-customers certain pricing conditions for cars that the end customers source through their leasing company of choice.<sup>63</sup> Therefore, Stellantis could not stop supplying or deteriorate the terms of supply in a given Member State without jeopardizing the overall relationship with its largest end customers.

#### 5.3.1.2. Incentive to foreclose

- (58) It is unlikely that post-Transaction Stellantis will have an incentive to engage in input foreclosure. An incentive to foreclose only arises where the potential gains from expanding downstream sales outweigh the potential losses from restricting upstream sales. This is not the case here for five reasons.

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<sup>57</sup> eRFI 2 to OEMs, question D.8. eRFI 1 to leasing companies, question 12.

<sup>58</sup> eRFI 2 to OEMs, question E.3.

<sup>59</sup> Form CO, paragraph 207. Leasing companies responding to the Commission's market investigation confirmed that they source Stellantis' vehicles from importers and dealers and not directly from Stellantis; eRFI 1 to leasing companies, questions D.7 and D.8.

<sup>60</sup> Response of the Notifying Parties to RFI-2, question 3.

<sup>61</sup> Form CO paragraph 238-239; eRFI 2 to OEMs, question D.4; eRFI 1 to leasing companies, question 9.

<sup>62</sup> Response to RFI-1, paragraphs 19-22.

<sup>63</sup> Response to RFI-1, paragraph 6. Although the buyer and owner of the vehicle is the leasing company, the leasing company will pay for the vehicle the price agreed between Stellantis and the end customer. The discount will be transferred to the end customer through the lower leasing rate charged by the leasing company.

- (59) First, the profit margins of Stellantis from the sale of vehicles<sup>64</sup> are significantly higher than the profit margins of Leasys from leasing out vehicles.<sup>65</sup> Stellantis is unlikely to engage in an input foreclosure strategy that would mean limiting the sale of vehicles to competing leasing companies in order to increase the leasing out of vehicles by Leasys.<sup>66</sup>
- (60) Second, while Stellantis will absorb the full losses of reduced sales of cars upstream, any potentially ensuing profit for Leasys (jointly controlled by CACF and Stellantis) downstream in the market for operational leasing and fleet management will be shared with CACF. This likely creates a disincentive to engage in a foreclosure strategy for Stellantis as it would not be able to reap the full benefits of it.
- (61) Third, the demand of Leasys in Portugal and Luxembourg for vehicles post-Transaction is expected to be significantly smaller than Stellantis' supply to competing leasing companies in these countries.<sup>67</sup> Consequently, should Stellantis withhold supply of vehicles from competing leasing companies post-Transaction it would not be able to rely on Leasys to absorb the withheld supply and may lose these sales.
- (62) Fourth, the vertical link between Stellantis' upstream activities as manufacturer and downstream in operation leasing pre-exists the Transaction. Leasing companies responding to the Commission's market investigation did not point to difficulties in the supply relationship with Stellantis in the past.<sup>68</sup>

#### 5.3.1.3. Overall effect of input foreclosure

- (63) Since Stellantis is unlikely to have post-Transaction neither the ability nor the incentive to engage in input foreclosure, even if it were to actually engage in such strategy, it would be unlikely to produce any effect on the market for operation leasing in Portugal and Luxembourg. Respondents to the Commission's market investigation, leasing companies and OEMs did not raise specific concerns regarding input foreclosure post Transaction.<sup>69</sup>

#### 5.3.1.4. Conclusion on input foreclosure

- (64) Based on the above, the case team preliminarily considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards a potential input foreclosure strategy.

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<sup>64</sup> [...].

<sup>65</sup> [...]; corrected response to RFI-2, question 3.

<sup>66</sup> See in that respect NHMG, paragraph 41.

<sup>67</sup> Response of 15 June 2023 to the case team's clarification questions.

<sup>68</sup> eRFI 1 to leasing companies, question E.4.

<sup>69</sup> eRFI 1 to leasing companies, question E.1 and E.5; eRFI 2 to OEMs, question E.2.

### 5.3.2. *Customer foreclosure*

#### 5.3.2.1. Ability to foreclose

(65) Customer foreclosure concerns can only arise if the merging entity is an important source of demand for upstream rivals. This is not the case here. The Notifying Parties represent only a modest share, well below 30%, of demand of leasing companies for vehicles in Portugal ([20-30]%) and Luxembourg ([10-20]%), representing even a smaller share ([0-5]%) of the overall demand for vehicles in those countries.<sup>70</sup> In these circumstances it is unlikely that a customer foreclosure strategy by the Notifying Parties could significantly harm competing manufacturers.

#### 5.3.2.2. Incentive to foreclose

(66) The Notifying Parties are not likely to have post-Transaction incentive to engage in customer foreclosure.

(67) First, customer foreclosure strategy would mean limiting the brand offer of Leasys, focusing on Stellantis brands. However, the Notifying Parties submit that multi-brand offer is a competitive advantage for leasing companies with respect to larger customers and Leasys has chosen to pursue a multi-brand strategy.<sup>71</sup>

(68) Second, while Leasys (jointly controlled by CACF and Stellantis) will absorb the full cost of engaging in customer foreclosure, any ensuing profit upstream in the markets for manufacture and supply of passenger cars and light commercial vehicles will be enjoyed by Stellantis alone. CACF is therefore unlikely to support such a strategy by Leasys.

#### 5.3.2.3. Overall effect of customer foreclosure

(69) Since Leasys is unlikely to have post-Transaction neither the ability nor the incentive to engage in customers foreclosure, even if it were to actually engage in such strategy, it would be unlikely to produce any effect on the market for the manufacture and supply of passenger cars and commercial vehicles (up to 3.5 tons) in Portugal and Luxembourg. OEMs participating in the market investigation did not raise concerns regarding customer foreclosure.<sup>72</sup>

#### 5.3.2.4. Conclusion on customer foreclosure

(70) The Notifying Parties are unlikely to have post-Transaction neither the ability nor the incentive to engage in customer foreclosure.

### 5.3.3. *Conclusion on vertical links*

(71) In view of these considerations and pending the results of the market investigation, it is unlikely that the Transaction would raise vertical concerns.

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<sup>70</sup> Response of 15 June 2023 to the case team's clarification questions.

<sup>71</sup> Response to RFI-1, paragraphs 30-32.

<sup>72</sup> eRFI 2 to OEMs, question E.1 and E.5.

**6. CONCLUSION**

- (72) 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*  
*Executive Vice-President*