



EUROPEAN COMMISSION
DG Competition

***Case M.11061 - NORDIC METAL /
ALUMECO GROUP***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 26/06/2023

***In electronic form on the EUR-Lex website under document
number 32023M11061***



EUROPEAN COMMISSION

Brussels, 26.6.2023
C(2023) 4445 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Nordic Metal Holdings Inc.
c/o
Amari Metall Deutschland GmbH & Co KG
Krögerskoppel 1
24558 Henstedt-Ulzburg
Germany

**Subject: Case M. 11061 – NORDIC METAL / ALUMECO GROUP
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 22 May 2023, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Nordic Metal Holdings Inc. (USA) ('Nordic Metal' or the 'Notifying Party') will acquire sole control of Alumeco Holding A/S, (Denmark) ('Alumeco' or the 'Target' and, together with Nordic Metal, the 'Parties')³. Nordic Metal will therefore acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Alumeco by way of purchase of shares (the 'Transaction').

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 194, 2.6.2023, p. 32

1. THE PARTIES

- (2) Nordic Metal is part of a privately held and controlled portfolio of companies, all owned by the same natural persons, one of which exercises sole control over the portfolio of companies. Within this portfolio, a number of companies are active in the distribution of metals in Europe, with a focus on aluminium and stainless steel: Amari Metals Europe Ltd., Amari Benelux Inc., Amari France Holdings Inc., Amari Switzerland Holdings Inc., Sverdrup Holdings Inc., Britannia Metals Holdings, Inc., Aero Metals Alliance Inc., Henley Management Company, and Deloro Group Holding Inc., and in respect of Ireland a single company, Amari Ireland Limited. These portfolio companies, together with Nordic Metal, are designated hereinafter as the ‘Amari Group’
- (3) Alumeco Group is an international distributor of metals, focusing primarily on aluminium. It also distributes copper alloys and stainless steel. Via its business unit Aluwind it is active in the design, engineering, and production of specialized aluminium substructures for the wind energy industry. Alumeco Group operates primarily in Europe.

2. THE CONCENTRATION

- (4) Pursuant to a share sale and purchase agreement signed on 19 December 2022 by Nordic Metal on the one hand and HS Metalservice APS and HS Metalservice NR. 4 APS on the other hand, Nordic Metal will acquire 100% of Alumeco from HS Metalservice APS and HS Metalservice NR. 4 APS.
- (5) Therefore, the Transaction is a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

- (6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2 500 million (Amari Group: EUR [...] million in 2021; Alumeco: EUR [...]million in 2022⁴)⁵.
- (7) The combined aggregate turnover of the undertakings concerned exceeds EUR 100 million in each of at least three Member States (EUR [...] million in Germany, EUR [...] million in France and EUR [...] million in Poland).
- (8) In each of at least three Member States included under paragraph (7) above, the aggregate turnover of each of at least two of the undertakings concerned exceeds EUR 25 million (Amari Group: EUR [...] million in 2021 in Germany, EUR [...] million in 2021 in France, EUR [...] million in 2021 in Poland and Alumeco: EUR [...] million in 2022 in Germany, EUR [...] million in 2022 in France, EUR [...] million in 2022 in Poland).

⁴ Financial year ending 30 June 2022.

⁵ Turnover calculated in accordance with Article 5 of the Merger Regulation.

- (9) Neither Alumeco nor the Amari Group achieved more than two-thirds of their EU-wide turnover within one and the same Member State.
- (10) The Transaction therefore has a Union dimension within the meaning of Article 1(3) of the Merger Regulation.

4. THE PARTIES ACTIVITIES – HORIZONTAL AND VERTICAL RELATIONSHIPS

- (11) Both Parties are active in the distribution of various metals across the EEA. Their activities overlap with respect to the distribution of (i) aluminium, (ii) stainless steel, (iii) copper, (iv) brass, and (v) bronze.
- (12) Of **Alumeco's** activities, approx. [80-90]% in terms of volumes (tons) are attributed to the distribution of aluminium, approx. [5-10]% to the distribution of copper, brass and bronze alloys, approx. [0-5]% to the distribution of stainless steel, and [0-5]% to the distribution of other metals.⁶
- (13) Aluminium and stainless steel accounted for the majority of the **Amari Group's** sales of metals in 2021. In terms of volumes (tons), of all metal products sold by the Amari Group, approx. [40-50]% accounted for aluminium and approx. [40-50]% for stainless steel.
- (14) The Parties' distribution activities give rise to horizontal overlaps. These overlaps result in affected markets with respect to the distribution of aluminium only.⁷ Regarding other metals, the horizontal overlaps between the Parties' distribution activities are marginal, and do not give rise to affected markets.⁸
- (15) There are also limited cross supply relationships between the Parties' distribution activities. Given that both Parties are distributors they can and, to a marginal extent do, occasionally source metals from each other. These cross supply relationships, which are marginal (i.e. less than [10-20]% of Alumeco's sales for the products it supplies),⁹ are not the Parties' or generally wholesalers' traditional route to market since, as confirmed by the market investigation, they are used opportunistically¹⁰ to satisfy distributors' needs of non-stock products.¹¹

⁶ Form CO, paragraph 16.

⁷ Form CO, paragraph 12.

⁸ See the Notifying Party's response to RFI 6 – affected markets confirmations. These other metals will not be assessed any further in the remainder of this decision.

⁹ For flat aluminium products, Alumeco's share of sales to other distributors in the Nordics represent approx. [5-10]% of its total sales. For long aluminium products, Alumeco's share of sales to other distributors is of approx. [10-20]%. See response to RFI 4 question 9.

¹⁰ A majority of wholesalers that responded to the Commission's market investigation explained that they rarely purchase from other wholesalers/distributors or that they purchase only a small part of their needs from wholesalers/distributors (less than 10%). See replies to Questionnaire to aluminium competitors, question J.1.

¹¹ These cross-distribution relationship will not be assessed any further in the remainder of this decision.

- (16) Furthermore, as both Parties procure various metals from metal producers, their procurement activities lead to horizontal overlaps at the procurement level. However, these overlaps are rather limited and do not lead to any affected markets.¹²
- (17) Alumeco is also active via its subsidiary Aluwind A/S, Odense, Denmark (“**Aluwind**”) in the design, engineering, and production of aluminium substructures for the wind energy industry, e.g. nacelles, tower components, such as platforms, railings, staircases, doors, and offshore foundations for major wind turbine OEMs. Accordingly, Alumeco’s downstream activities (via Aluwind) overlap vertically with the Amari Group’s activities as a supplier of aluminium and stainless steel products.¹³ These overlaps do not lead to any vertically affected markets whether upstream or downstream.¹⁴

5. MARKET DEFINITION

5.1. Product market definition

- (18) The Parties are both active in the distribution of aluminium where the Transaction gives rise to affected markets.

5.1.1. Commission decisional practice

- (19) The Commission has not previously defined the relevant product markets for the distribution of aluminium. In a past decision where it analysed the relevant product markets for the production of some aluminium products, the Commission however looked at retail sales of aluminium products (i.e. sales by distributors) separately from direct sales by mills/producers, and assessed the impact of the transaction on only one type of aluminium product where the Parties’ activities overlapped.¹⁵ In another past decision, the Commission also discussed, without taking a view, whether the distribution of aluminium should be considered distinct from aluminium trading (i.e. production).¹⁶
- (20) In past decisions, the Commission has not defined one overall market for the distribution of metals but analysed e.g. the distribution of stainless steel as a separate market. The Commission considered that the distribution of stainless steel products constituted a separate market from the production and direct (ex-mill) sales of stainless steel products.¹⁷ The Commission also envisaged a segmentation by distribution channel between: (i) stainless steel service centres (i.e. wholesalers

¹² The Parties’ combined market share in the procurement markets remain below 20% under all plausible product market segmentations (see: the Notifying Party’s response to RFI 5 – affected markets confirmations) – See also, Form CO, paragraph 459. These horizontal overlaps will therefore no longer be discussed in the remainder of this decision.

¹³ Form CO, paragraph 24.

¹⁴ Regarding Aluwind’s downstream activities, the Notifying Party confirmed that its market share remains below 30% under all plausible segmentations. The Notifying Party also confirmed that Amari Group’s market share in the upstream market for the supply of aluminium and stainless steel products in Poland where Aluwind has its EEA manufacturing activities remains below 30% and 20% under all plausible segmentations. See the Notifying Party’s response to RFI 5 – affected markets confirmations.

¹⁵ M.2111 – Alcoa/British Aluminium, paragraphs 21-22.

¹⁶ M.2481 – Balli/Klockner, paragraphs 22-23.

¹⁷ M.6471 – Outokumpu/Inoxum, paragraph 214.

which purchase coils from steel manufacturers and resell after slitting and cutting to customers' requirements), (ii) stockholding centres (i.e. wholesalers which purchase and resell steel products in bulk for resell without further processing), (iii) oxy-cutting centres (i.e. wholesalers which resell steel products after further processing them by using oxy-hydrogen blowtorches).¹⁸

- (21) Similarly, the Commission's decisional practice regarding the distribution of steel, considered a segmentation based on the type of steel and concluded that the distribution of stainless steel is different from the distribution of carbon steel and special steel.¹⁹
- (22) Within each of the carbon steel and the stainless steel type of products, the Commission also envisaged a segmentation according to the shape of the product distinguishing between: (i) flat carbon steel, (ii) long carbon steel, (iii) flat stainless steel, (iv) long stainless steel.²⁰

5.1.2. *Notifying Party's views*

- (23) The Notifying Party agrees with the Commission's past practice that the distribution of aluminium is a separate market from the distribution of other metals such as stainless steel or copper alloys.²¹
- (24) In addition, the Notifying Party considers that a further distinction by distribution channel between direct sales by mills and sales by distributors is not warranted.²² The Notifying Party further contends that no distinction based on value-added services offered by some distributors is warranted.²³
- (25) With respect to a segmentation, at the distribution level, by type of aluminium product, the Notifying Party argues that such a segmentation is not warranted.²⁴ In particular, the Notifying Party claims that wholesalers supply a wide range of aluminium products and do not differentiate themselves or strategize competitively by reference to particular product categories.²⁵

5.1.3. *Commission's assessment*

5.1.3.1. The distribution of aluminium is distinct from the distribution of other metals

- (26) The Commission considers that, consistent with its past practice and absent indications to the contrary from the market investigation, a distinction by metal type is warranted.

¹⁸ M.6471 – Outokumpu/Inoxum, paragraphs 215-231.

¹⁹ M.7576 - Jacquet Metal Service/ Schmolz Bickenbach Steel Distribution Business, paragraphs 12-13. See also M.5808 – JSA/Jacquet Metals/IMS, paragraph.11 and M. 6962 – Renova Industries/Schmolz & Bickenbach, paragraph. 14.

²⁰ M.7576 - Jacquet Metal Service/ Schmolz Bickenbach Steel Distribution Business, paragraphs 14-16.

²¹ Form CO, paragraphs 195-199.

²² Form CO, paragraph 234.

²³ Form CO, paragraphs 264-269.

²⁴ Form CO, paragraphs 200-205.

²⁵ Form CO, paragraphs 204.

- (27) First, the different metal types have different applications and characteristics. For example, aluminium is significantly lighter than copper or steel. Copper and aluminium have better electrical conductivity characteristics than steel. Steel has much better resistance to heat.²⁶
- (28) Second, the different metal types are not always offered by the same suppliers. As an example, the Target focuses on aluminium products and [80-90]% of its sales volumes are accounted for by that metal, as explained in paragraph (9) above. In addition, some customers require only one type of metal. For example, a transport company may be using a large quantity of aluminium to produce, for example, trailers, and may not have a need for other types of metals.²⁷
- (29) As a result, and for the purpose of this decision, the Commission will consider that the distribution of aluminium constitutes a separate market from the distribution of other metals.

5.1.3.2. Distinction by distribution channels

- (30) The Commission investigated whether a distinction by type of supplier was warranted.
- (A) Distribution by producers/mills and wholesalers
- (31) The Commission investigated whether direct sales of aluminium by producers/mills and indirect sales of aluminium by wholesalers formed part of separate markets.
- (32) The results of the Commission's investigation indicated that a distinction between sales of aluminium by producers/mills and sales of aluminium by wholesalers might be warranted.
- (33) Producers/mills and wholesalers have different business models. While producers/mills extract and produce the aluminium products they sell, wholesalers only purchase to resell. Producers/mills consequently operate extraction and production sites from which they can sell their products, while wholesalers operate distribution centres. As is explained in the Parties' own internal documents, mills/producers are "*crafting customized products directly from the production facilities*" and offer "*competitive pricing for large customers by avoiding markup from wholesalers*", while wholesalers have "*strong logistics capabilities including capacity to stock customized products*" and a "*responsive customer service*".²⁸
- (34) Those different business models therefore translate into different value propositions for the customers. Indeed, wholesalers operating distribution centres can be geographically closer to customers, which reduces lead time. In addition, contrary to producers/mills, wholesalers can typically stock large volumes of aluminium products, and therefore provide more flexibility and availability. They are able to service smaller customers with small orders, while producers/mills typically impose minimum purchase volumes and can therefore only serve larger customers. As a

²⁶ Form CO, paragraph 196.

²⁷ Form CO, paragraph 198.

²⁸ Response to RFI 2, Alumeco's internal document "*Alumeco Strategy – baseline and value levers*", slide 21.

result, wholesalers and producers/mills do not typically compete for the same customers.

- (35) This has been confirmed by market participants, a majority of which indicated that wholesalers do not compete or only marginally compete for some customers with producers/mills.²⁹ As explained by one small customer: “*wholesalers are preferred for several reasons, including pricing (which is particularly true regarding extruded profiles). Transport costs, availabilities and economies of scale are also considered, especially because mills are not located in Denmark. Furthermore, wholesalers are able to stock the products they offer, as it is part of their business model, which mills cannot do since they send all the materials and colours at once.*”³⁰
- (36) Some market participants however indicated that there is some degree of competition between mills/producers and wholesalers, in particular for standard (i.e. not further processed) aluminium products: “*Majority of aluminium products that we acquire include value added services and in this product line we do not see competition between producers and wholesalers. We estimate that some competition exist in standard product lines.*”; “[m]ost of the products we need to buy from wholesalers and only minor products we can buy either producers/mills or from wholesalers”.³¹ In addition, around half of customers having responded to the Commission’s market investigation indicated that they consider mills/producers and wholesalers as similar sourcing options for their aluminium products’ needs.³²
- (37) In any event, for the purpose of this Decision, it can be left open whether sales of aluminium by producers/mills constitute a separate market from sales of aluminium from wholesalers, as no serious doubts arise as to the compatibility of the Transaction with the internal market as regards the horizontal overlap between the Parties’ activities in the distribution of aluminium in the EEA irrespective of this potential segmentation of the relevant product market.

(B) Wholesalers offering value-added services and wholesalers not offering value-added services

- (38) The Commission further investigated whether sales by wholesalers offering value-added services (e.g. cutting-to-size or edging) and sales by wholesalers not offering such services also formed part of separate markets.

On the one hand, the Commission’s investigation gave indications that such a distinction might be warranted. Indeed, a majority of market participants confirmed that while some wholesalers offer value-added services such as cutting-to-size, others only stock and resell aluminium products without further processing them.³³

²⁹ Reply to Questionnaire to aluminium customers, question C.A.3; reply to Questionnaire to aluminium competitors, question E.3.

³⁰ Non-confidential minutes of a call with a customer, 21 March 2023, paragraph 9.

³¹ Replies to Questionnaire to aluminium customers, question C.A.4.

³² Reply to Questionnaire to aluminium customers, question C.A.9.

³³ Reply to Questionnaire to aluminium customers, question C.A.5.; reply to Questionnaire to aluminium competitors, question E.A.1.

- (39) In addition, the Parties' internal documents indicate that they differentiate competitors based on their value proposition as regard value-added services, i.e. depending on the extent to which they offer standard or more customized products.

Figure 1 – Alumeco internal document [...]

[...]

Source: Parties' response to RFI 2

- (40) On the other hand, a majority of customers have indicated that they consider both types of wholesalers as similar sourcing options for their aluminium product needs,³⁴ and that they typically purchase the same aluminium products from either type of wholesaler.³⁵
- (41) In any event, for the purpose of this Decision, it can be left open whether a segmentation between wholesalers offering value-added service and those not offering those services is warranted, 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 aluminium in the EEA irrespective of this potential further segmentation of the relevant product market.

5.1.3.3. Distinction by product type

- (42) The Commission also investigated whether separate markets would exist for the distribution of different types of aluminium products.
- (43) While the distribution of aluminium products covers a wide range of products, certain products categories appeared familiar to market participants in particular the distinction between flat and long aluminium products.
- (44) **Distinction between flat and long aluminium products.** According to the results of the market investigation, a majority of respondents considered that competitive dynamics (available producers/suppliers, available volumes, prices, etc.) for the wholesale distribution of (i) flat aluminium products and (ii) long aluminium products are different in the EEA. Customers and competitors had however a diverging views on this. While from a supply-side perspective, a majority of competitors considered that competitive dynamics are different for the distribution of (i) flat aluminium products and of (ii) long aluminium products in the EEA, customers were of the opposite view. Nevertheless, despite considering that competitive dynamics for the distribution of the two types of aluminium products are similar in the EEA, a majority of customers that expressed a view still stressed that flat and long aluminium products have different end-uses and are therefore not interchangeable. One customer for instance noted that *'those are totally different products'*³⁶ while another one explained that these two categories of products correspond to *'different types of products and standards'*.³⁷

³⁴ Reply to Questionnaire to aluminium customers, question C.A.11.

³⁵ Reply to Questionnaire to aluminium customers, question C.A.12.

³⁶ Reply to Questionnaire to aluminium customers, question C.B.3.

³⁷ Reply to Questionnaire to aluminium customers, question C.B.3.

- (45) In any event, for the purpose of this Decision, it can be left open whether there is one market for the distribution of aluminium products or whether segments for flat aluminium products and for long aluminium products were to exist as no serious doubts arise as to the compatibility of the Transaction with the internal market.
- (46) **Further distinction by type of products within each of the flat and long aluminium products.** Based on the Parties' public offering, they appear to distribute more specific aluminium products (e.g. coils, bars, tubes, sheets). However, regarding the wholesale distribution of aluminium products, the market investigation did not support a possible further sub-segmentation of each of the flat and long aluminium product categories according to narrower types of products. Indeed, a clear majority of competitors who expressed a view considered that there is no significant difference between the distribution of different types of long aluminium products.³⁸ Almost no competitor explained that it specialises in the distribution of certain specific types of long aluminium products only.³⁹ The same holds true for flat aluminium products, for which competitors unanimously confirmed that there is no significant difference in the distribution of different types of flat aluminium products⁴⁰ and that none of them specialise in the distribution of certain type of flat aluminium products only.⁴¹
- (47) In view of the above, for the purpose of this Decision, the Commission considers that due to the differences in competitive dynamics between the distribution of flat and long aluminium products, distribution of these two types of aluminium products could constitute distinct product markets, and will consider this segmentation in its competitive assessment. The Commission however considers for the purpose of this Decision that, given the results of the market investigation pointing to important supply-side considerations, a further segmentation of flat and long aluminium by narrower type of products is not warranted. This potential further segmentation according to narrower product type is accordingly not considered further in this decision.

5.2. Geographic market definition

5.2.1. *The Commission's past practice*

- (48) The Commission has not previously defined the relevant geographic markets for the wholesale distribution of aluminium. In a past decision where it analysed the relevant product markets for the production of some aluminium products, the Commission however looked at retail sales of aluminium products (i.e. sales by distributors) stressing that as opposed to wholesale sales by the aluminium producers themselves, which take place at EEA-wide level, retail distribution of aluminium products appear to be of national geographic dimension.⁴²
- (49) In its decisional practice regarding the distribution of steel products, another metal often distributed by the same types of suppliers as aluminium, the Commission held that the markets for the distribution of steel products were national or, at most, cross-

³⁸ Reply to Questionnaire to aluminium competitors, question F.A.3 and F.A.4.

³⁹ Reply to Questionnaire to aluminium competitors, question F.A.1 and F.A.2.

⁴⁰ Reply to Questionnaire to aluminium competitors, question F.B.3 and F.B.4.

⁴¹ Reply to Questionnaire to aluminium competitors, question F.B.1 and F.B.2.

⁴² M.2111 – Alcoa/British Aluminium, paragraphs 21-22.

border but regional.⁴³ The Commission ultimately left the market definition open in those cases.

- (50) 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.⁴⁴

5.2.2. *The Notifying Party's view*

- (51) The Notifying Party submits that in the field of the distribution of aluminium, the relevant geographic market could be either national or supranational.⁴⁵ In particular, the Notifying Party argues that there are a number of countries, in particular smaller countries such as in Denmark, Northern Europe or the Baltics, where competition takes place on a supranational level and where the local language and transport costs are not a differentiating factor.⁴⁶

5.2.3. *The Commission's assessment*

- (52) Though the results of the market investigation were somewhat mixed as to the exact geographic scope of the markets for the distribution of aluminium, they overall point to national markets. While customer feedback was mixed between suggesting national markets and markets that are wider than national (i.e. the Nordics which encompasses Denmark, Finland, Norway, Sweden), competitor views contrasted with this feedback, indicating that markets are rather national.
- (53) From a demand-side perspective, customer feedback was split on the exact geographic scope according to which they source their needs of aluminium products, but a majority of those expressing a view described sourcing patterns that are wider than national.⁴⁷ While certain customers indicated that they source on a national basis others indicated that they do so on a basis that is wider than national. The qualitative feedback provided in response to this question pointed however to some key considerations such as lead time and delivery precision, which indicate a national geographic scope of the market.⁴⁸ When asked about whether the conditions of competition for the distribution of aluminium products are homogenous throughout the EEA, customers agreed that these do differ either between different regions within the EEA or between Member States within the EEA.⁴⁹ In the same line, customers also explained that they do not require their suppliers of aluminium products to have a local presence in the country where they are active.⁵⁰

⁴³ M.7576 - Jacquet Metal Service/ Schmolz Bickenbach Steel Distribution Business, paragraphs 19-20. M.5808 - JSA/Jacquet Metals /IMS, paragraph 16. M.6471 - Outokumpu/Inoxum, paragraphs 264-277.

⁴⁴ M.5072 - AMSSC / BE GROUP / JV, paragraphs 14-15.

⁴⁵ Form CO, paragraph 317.

⁴⁶ Form CO, paragraph 320 and following.

⁴⁷ Reply to Questionnaire to aluminium customers, question D.1.

⁴⁸ Reply to Questionnaire to aluminium customers, question D.1.

⁴⁹ Reply to Questionnaire to aluminium customers, question D.4.

⁵⁰ Reply to Questionnaire to aluminium customers, question D.5.

- (54) From a supply side perspective, wholesalers indicated that they supply aluminium products on a country-by-country basis⁵¹ and that this applies to both flat and long aluminium products. From a supply-side perspective, wholesalers indicated that they supply aluminium products on a country-by-country basis⁵² and that this applies to both flat and long aluminium products. One supplier has for instance explained that *'[L]ead times ar[e] shorter and freight [sic] costs are lower from a local stock'*.⁵³ Similarly, all the suppliers replying to the market investigation indicated that customers typically require local presence in the country where they are active.⁵⁴ A majority of suppliers indicated however that the conditions of competition for the distribution of aluminium products are homogenous throughout the EEA.⁵⁵
- (55) On balance, the investigation suggests that the markets for the wholesale distribution of aluminium 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.
- (56) 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 aluminium in the EEA irrespective of whether the relevant markets are considered national or regional (groups of more than one country).

5.3. Conclusion

- (57) Based on the above, the Commission assesses the impact of the Transaction on the distribution of aluminium in the EEA, both at the national and regional levels. In so doing, it considers plausible segmentations by (i) distribution channel between producers/mills and wholesalers (these potentially split further depending on whether they offer value-added services); and (ii) by product type (between flat and long aluminium products).

6. COMPETITIVE ASSESSMENT

6.1. Legal framework

- (58) 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.⁵⁶
- (59) In this respect, a merger can entail horizontal and/or non-horizontal effects.

⁵¹ Reply to Questionnaire to aluminium competitors, questions G.A.1 and G.A.2.

⁵² Reply to Questionnaire to aluminium competitors, questions G.A.1 and G.A.2.

⁵³ Reply to Questionnaire to aluminium competitors, questions G.A.1 and G.A.2.

⁵⁴ Reply to Questionnaire to aluminium competitors, questions G.A.4.

⁵⁵ Reply to Questionnaire to aluminium competitors, questions G.1 and G.2.

⁵⁶ With regard to the application of the Merger Regulation in the EEA, see Annex XIV to the EEA Agreement.

- (60) 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').⁵⁷
- (61) 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.
- (62) 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'.
- (63) 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 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 competitions are explained in paragraphs 28-38 of the HMG.
- (64) 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 supplier, 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 force.⁵⁸

6.2. Affected markets

- (65) Based on the plausible market definitions detailed in Section 5, the Transaction gives rise to 11 affected markets for the distribution of aluminium in Denmark, Sweden, Finland and the Nordics.⁵⁹
- (66) In two of these markets the Parties have a combined market share of below 25%, which is an indication that the Transaction is not liable to impede effective competition in those markets pursuant to paragraph 18 of the Horizontal Merger Guidelines. In addition, in none of the affected markets listed in Table 1 below does

⁵⁷ 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.

⁵⁸ Horizontal Merger Guidelines, paragraph 24.

⁵⁹ 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 since the increment brought about by the Transaction would hereto be very minimal remaining below 1%.

the Transaction bring about large combined market shares or a large addition of market share, which is an indication that the Transaction is unlikely to impede effective competition in the affected markets, pursuant to paragraph 27 of the Horizontal Merger Guidelines.

Table 1 - Market shares of the Parties in the affected markets

	Amari Group	Alumeco	Combined
Distribution of aluminium (<u>all</u> products)	/	/	/
<i>Sales by wholesalers in Denmark</i>	[0-5] % ([...] tons)	[30-40] % ([...] tons)	[30-40] % ([...] tons)
<i>Sales by wholesalers in the Nordics (i.e. Denmark, Finland, Norway, Sweden)</i>	[0-5] % ([...] tons)	[20-30] % ([...] tons)	[20-30] % ([...] tons)
Distribution of <u>long</u> aluminium products	/	/	/
<i>Sales by <u>mills</u> and wholesalers in Denmark</i>	[0-5] % ([...] tons)	[30-40] % ([...] tons)	[30-40] % ([...] tons)
<i>Sales by wholesalers in Denmark</i>	[0-5] % ([...] tons)	[70-80] % ([...] tons)	[70-80] % ([...] tons)
<i>Sales by wholesalers in Sweden</i>	[0-5] % ([...] tons)	[30-40] % ([...] tons)	[30-40] % ([...] tons)
<i>Sales by wholesalers in the Nordics</i>	[0-5] % ([...] tons)	[30-40] % ([...] tons)	[30-40] % ([...] tons)
Distribution of <u>flat</u> rolled aluminium products	/	/	/
<i>Sales by <u>mills</u> and wholesalers in Denmark</i>	[0-5] % ([...] tons)	[20-30] % ([...] tons)	[20-30] % ([...] tons)
<i>Sales by wholesalers in Denmark</i>	[0-5] % ([...] tons)	[40-50] % ([...] tons)	[40-50] % ([...] tons)
<i>Sales by wholesalers in Finland</i>	[0-5] % ([...] tons)	[30-40] % ([...] tons)	[30-40] % ([...] tons)
<i>Sales by wholesalers in Sweden</i>	[0-5] % ([...] tons)	[20-30] % ([...] tons)	[20-30] % ([...] tons)
<i>Sales by wholesalers in the Nordics</i>	[0-5] % ([...] tons)	[20-30] % ([...] tons)	[20-30] % ([...] tons)

6.3. The Notifying Party's view

- (67) The Notifying Party considers that the Transaction is unlikely to raise serious doubts as to its compatibility with the internal market in light of the limited market shares of the Parties, the fact that they do not compete closely and that their activities are largely complementary from a geographic point of view. In addition, the Parties contend that they face fierce competition from both distributors and producers/mills and that customers can easily switch to other suppliers.⁶⁰

6.4. The Commission's assessment

- (68) 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 aluminium in the EEA since the Transaction does not give rise to competition concerns in any of the plausibly affected markets listed in Table 1, which the Commission assesses together given the similarity of the assessment in each of them.

6.4.1. *The Amari Group has a marginal presence in the affected markets*

- (69) Contrary to Alumeco, the Amari Group is only marginally present in the affected markets, where it only conducts spot sales with a limited number of clients. As shown in Table 1 above, the Amari Group's sales in the Nordics only represented [...] tonnes in 2022.
- (70) The Amari Group's limited presence in the affected markets is reflected in the increment brought about by the Transaction, which is very minimal. In all affected markets, that increment remains below 1%. As a result, the Transaction does not materially affect the structure of the market in any of the affected markets, and does not give rise to serious doubts as to its compatibility with the internal market and the functioning of the EEA Agreement.
- (71) In fact, most of the market participants providing a view in the market investigation did not know of the Amari Group.⁶¹ One customer active in Finland and Sweden explained that it "*does not see [the Acquirer] as one of Alumeco's competitor*" for aluminium products.⁶²
- (72) The market investigation also showed that the Amari Group is not a strong supplier for flat aluminium products in the Nordics nor in any Nordic country as confirmed by a majority of competitors.⁶³ The same was also confirmed with respect to long aluminium products by a majority of competitors that responded to the Commission's market investigation.⁶⁴ The qualitative feedback provided by customers also pointed to a similar situation. One customer explained that "*[we] do not see Nordic Metal in Denmark*"⁶⁵ while another one stressed that "*for our*

⁶⁰ Form CO, paragraphs 438-441.

⁶¹ Reply to Questionnaire to customers of aluminium, questions E.A.1 and E.B.1. Reply to Questionnaire to aluminium competitors, questions H.1.1 and H.1.2.

⁶² Non-confidential minutes of a call with a customer, 3 April 2023, paragraph 15.

⁶³ Reply to Questionnaire to aluminium competitors, question H.4.

⁶⁴ Reply to Questionnaire to aluminium competitors, question I.4.

⁶⁵ Reply to Questionnaire to aluminium customers, question E.A.3.

company Nordic Metal (Amari Group) does not appear to be significantly strong in this geography”.⁶⁶

- (73) Furthermore, in view of the marginal volumes supplied by the Amari Group in each of the Nordic countries, the Parties cannot be close competitors since, for almost the entirety of the market, they do not compete against each other. In this respect, all of the competitors who have expressed a view in response to the Commission’s market investigation confirmed that the Parties are not close competitors for the supply of flat aluminium products.⁶⁷ A vast majority of competitors also confirmed this with respect to long aluminium products.
- (74) Given that the Parties are not close competitors, that the increment brought about by the Transaction is marginal, and that the Transaction would therefore not result in the elimination of an important competitive force, the Commission therefore concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market and the functioning of the EEA Agreement.

6.4.2. Sufficient alternative suppliers will remain in all affected markets

- (75) In all affected markets listed in Table 1 above, a sufficient number of credible alternative wholesalers would remain on the market:

Table 2 – List of credible alternative suppliers in the plausibly affected markets

Affected market	Flat aluminum products		Long aluminum products	
	Value added-service	No value added-service	Value added-service	No value added-service
Denmark	Tibnor Metallcentret Lemvigh-Müller Staalexperter Brødrene Kier Metalservice	Lemvigh-Müller Metalcentret Staalexperter, Brødrene Kier	Lemvigh-Müller Metalcentret Staalexperter Tibnor Metalservice	Lemvigh-Müller Metalcentret Staalexperter Brødrene Kier Tibnor Metal service
Sweden	Tibnor AB Br Edstrand BE Group Ruukki	Tibnor AB BE Group CGT Metall AB Danubia	Tibnor AB Br Edstrand BE Group Alutrade	Metal service Lemvigh-Müller Tibnor AB Br Edstrand Stena

⁶⁶ Reply to Questionnaire to aluminium customers, question E.A.3.

⁶⁷ Reply to Questionnaire to aluminium competitors, question H.2.

Affected market	Flat aluminum products		Long aluminum products	
	Value added-service	No value added-service	Value added-service	No value added-service
Finland	Tibnor BE Group, Br Edstrand Ruukki Thyssen Aerospace	BE Group Ruukki Thyssen Aerospace	N/A	N/A
Nordics <i>(i.e. Denmark, Finland, Norway, Sweden)</i>	Tibnor BE Group Astrup Norsk Stål E.A.Smith Lemwig Muller Ruukki Thyssen Aerospace	Tibnor, Be Group Ruukki Thyssen Aerospace	Tibnor BE Group Lewi MetalCentretMuller	Mertal Service Lemwig Muller Tibnor

- (76) In addition to the above wholesalers, several producers/mills would continue to be active in the supply of aluminium products the Nordics. These include Hydro, Purso, Profilgruppen and Cortizo for long aluminium products as well as Speira, Elval, Novelis, Arconic for flat aluminium products.⁶⁸
- (77) Customers contacted in the context of the Commission’s market investigation also confirmed that they consider that they would have enough alternative suppliers post-Transaction: “on the wholesale level, it also views Lemvigh-Müller and Metalservice as the other biggest companies on the market in Denmark”;⁶⁹ “Lemvigh-Müller, a Danish wholesaler which competes with Alumeco on the aluminium market, and Metalservice are [its] other suppliers. The Company noted that it can purchase the same products from these two competitors than the ones it currently sources from Alumeco since they have access to the same mills. The three companies are [its] preferred suppliers but, in fact, [...] recognizes that it has the possibility to trade with several other wholesalers.”⁷⁰
- (78) Based on the above, the Commission therefore considers that customers would be left with a sufficient number of credible alternative suppliers to which they could turn in each of the affected markets. The presence of those alternative suppliers would therefore continue to constraint the merged entity post-Transaction and prevent the Transaction from impeding effective competition.

⁶⁸ Notifying Party’s reply to RFI 7.

⁶⁹ Non-confidential minutes of a call with a customer, 21 March 2023, paragraph 13.

⁷⁰ Non-confidential minutes of a call with a customer, 21 March 2023 paragraph 8.

6.4.3. *The Transaction is not expected to have a negative impact on the market*

- (79) No market participant has raised concerns that the Transaction would negatively impact the market(s) for the distribution of aluminium.
- (80) In particular, a majority of market participants have indicated, for both flat and long aluminium products, that the Transaction would have no effect or a positive effect on price (i.e. no price increase), security of supply or commercial terms, regardless of the country considered.⁷¹ Some customers explained: “*We will still have our same different suppliers, so we do not think it will have any effect*”⁷² and “*We expect the same service as to day*”.⁷³ A majority of customers also consider that the Transaction would have no impact on their business in general.⁷⁴

6.4.4. *Conclusion*

- (81) 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 distribution of aluminium in the EEA in the following markets: (i) distribution of aluminium by wholesalers in Denmark and the Nordics, (ii) distribution of long aluminium products by mills/producers and wholesalers in Denmark, by wholesalers only in Denmark, Sweden and the Nordics, (iii) distribution of flat aluminium products by mills/producers and wholesalers in Denmark, and by wholesalers only in Denmark, Sweden, Finland and the Nordics.

7. **CONCLUSION**

- (82) For the above reasons, the European Commission has decided not to oppose the notified concentration 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

⁷¹ Replies to Questionnaire to aluminium customers, question F.A.1; replies to Questionnaire to aluminium competitors, question K.1.

⁷² Reply to Questionnaire to aluminium customers, question F.A.2.

⁷³ Reply to Questionnaire to aluminium customers, question F.A.2.

⁷⁴ Replies to Questionnaire to aluminium customers, question F.1.