

COMMISSION DECISION

of 30 March 1976

authorizing the acquisition by the British Steel Corporation of 75 % of the capital of Walter Blume GmbH

(Only the English text is authentic)

(76/368/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 66 thereof,

Having regard to High Authority Decision No 24/54 of 6 May 1954 laying down in implementation of Article 66 (1) of the Treaty a regulation on what constitutes control of an undertaking⁽¹⁾,

Having regard to the application made by the British Steel Corporation, London, on 5 December 1975 for authorization to acquire 75 % of the capital of Walter Blume GmbH, Stuttgart,

Having consulted the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federal Republic of Germany,

WHEREAS :

I.

The British Steel Corporation, London (BSC) is an undertaking with a capital of £ 500 million which is engaged in production in the iron and steel industry within the meaning of Article 80 of the Treaty and which also controls undertakings which do not fall under Article 80.

The British Steel Corporation (International) Ltd. (BSC International) is a wholly owned subsidiary of BSC and handles BSC's activities outside the United Kingdom. BSC has the power to control BSC International within the meaning of Decision 24/54 ; there is therefore a concentration within the meaning of Article 66 (1) of the Treaty between BSC and BSC International.

Walter Blume GmbH, Stuttgart (Blume) is an undertaking engaged in the distribution of iron and steel products within the meaning of Article 80 of the Treaty, with a capital of DM 4 500 000.

⁽¹⁾ Official Journal of the European Coal and Steel Community, 11 May 1954, p. 345.

BSC International proposes to acquire 75 % of the capital of Blume.

The transaction in question will give BSC International control of Blume and will thus lead to a concentration between BSC and Blume.

II.

In 1974 BSC sold 36 000 metric tons of iron and steel products in the Federal Republic of Germany, of which 23 000 metric tons were sheets of less than 3 mm and 13 000 metric tons were plates of 3 mm and over ; these deliveries accounted for less than 0.50 % of German consumption of these products.

In 1974 Blume sold 300 000 metric tons of plates and sheets of all sizes ; 200 000 metric tons were sales ex stock, and 100 000 metric tons were direct deliveries arranged by Blume.

Blume's distribution network in the Federal Republic of Germany consists of fifteen sales offices operating mainly in the Ruhr and the south-west. Blume's export sales are negligible. The German market for plates and sheets can therefore be regarded as the relevant market. Although BSC is one of the largest plate and sheet producers in the Community, the transaction in question will not give it additional production facilities. The German producers themselves supply either directly, or indirectly through merchants, the main part of the relevant market.

There are many stockholders in the Federal Republic of Germany, either tied to individual manufacturers or independent. Their sales of iron and steel products totalled about 8 million metric tons in 1974. Blume, with its 200 000 metric tons, accounted for only 2.5 % of German stockholder sales. Blume's share of the German market for heavy and medium plates is about 7 % and of the market for sheet about 3 %.

Blume's share of the German market for direct deliveries arranged by merchants (Streckengeschäft) is below 1 %.

The transaction in question will give BSC better access to the German iron and steel market through Blume's distribution network. The arrival of the products of what is to all intents and purposes a new market entrant will strengthen competition.

In these circumstances the acquisition of Blume by BSC International will not enable the undertakings concerned to determine prices, to control or restrict production or distribution or to hinder effective competition in a substantial part of the market for flat products.

BSC currently supplies Blume with an average of 8 000 metric tons per year of plates of 3 mm and over. Even if the transaction in question meant that BSC covered all of Blume's steel supplies, this would still represent only 7.5 % of all its plate and sheet deliveries. In fact, however, at least 40 % of Blume's supplies are expected to come from sources other than BSC.

In these circumstances, the transaction in question will not enable the undertakings concerned to evade the rules of competition instituted under the Treaty, in particular by establishing an artificially privileged

position involving a substantial advantage in access to supplies and markets.

The transaction in question therefore satisfies the tests of Article 66 (2) and may be authorized,

HAS ADOPTED THIS DECISION :

Article 1

The British Steel Corporation is authorized to acquire 75 % of the capital of Walter Blume GmbH.

Article 2

This Decision is addressed to the British Steel Corporation, London.

Done at Brussels, 30 March 1976.

For the Commission

A. BORSCHETTE

Member of the Commission