II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 19 July 1991

declaring the compatibility with the common market of a concentration

(Case No IV/M068 — Tetra Pak/Alfa-Laval)

Council Regulation (EEC) No 4064/89

(Only the English text is authentic)

(91/535/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 4064/89 of 21 December 1989 on the control of concentrations between undertakings [1], and in particular Article 8 (2) thereof,

Having regard to the Commission Decision of 19 March 1991 to initiate proceedings in this case,

After consulting the Advisory Committee on Concentrations [2],

Whereas :

I. THE NATURE OF THE PROCEEDING

This proceeding concerns a concentration which was notified to the Commission pursuant to Article 4 of Council Regulation (EEC) No 4064/89. The notification became effective on February 18 1991. The concentration consists of the proposed acquisition by Tetra Pak International SA of all the share capital of Alfa-Laval AB by way of public bid.

II. THE PARTIES

In 1989, the last financial year for which figures are available, Tetra Pak (Switzerland) had a world-wide turnover of ECU 3 218 million, of which ECU 1 645 million was generated in the Community. Tetra Pak's activity is limited to systems for packaging liquid food products.

Two main categories of liquid packaging machines are produced by Tetra Pak : those used for packaging liquid under aseptic (sterile) conditions, and those used for packaging liquid for pasteurized milk and freshly squeezed fruit juice.

Alfa-Laval AB is a Swedish company, quoted on the Stockholm stock exchange. In 1989, the last year for which figures are available, it had a world-wide turnover of ECU 2 145 million, of which ECU 780 million was generated in the Community.

Alfa-Laval is one of the world's leading manufacturers of processing equipment. Its activities may be divided into three separate areas :

— *industry :* Alfa-Laval produces five main types of industrial processing equipment : automation, dosing and analysing, flow equipment, separation and thermal equipment ;

[1] OJ No L 395, 30. 12. 1989, p. 1, rectified version OJ No L 257, 21. 9. 1990, p. 13.
[2] OJ No C 275, 22. 10. 1991, p. 6.

— *food:* Alfa-Laval produces almost all types of machines used in the food-processing industry. These products are used for the manufacture, storage, pasteurization, etc. of dairy products, fruit juices, oils and fats, wines and beers, fish and meat and a wide range of other foods;

— *agricultural equipment*: Alfa-Laval is a leading producer of processing and control equipment in this sector.

III. CONCENTRATION WITH A COMMUNITY DIMENSION

The implementation of Tetra Pak's public bid to purchase the entire share capital of Alfa-Laval would constitute a concentration within the meaning of Article 3 (1) (b) of Regulation (EEC) No 4064/89, hereinafter referred to as the Regulation. The thresholds set out in Article 1 (2) of the Regulation are also met, and the parties do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

IV. ANALYSIS

A. Introduction

The Commission has examined the horizontal and vertical relationships between the product ranges of Alfa-Laval and Tetra Pak. These are limited to the following:

— the only horizontal effect that would result from the concentration relates to the packaging of liquid soups. Both companies have a process capable of being used for this operation;

— in vertical terms, Alfa-Laval sells technical engineering services for the machine industry, stainless steel pipes, valves and clamps, and heat exchangers. These products are used by Tetra Pak in the manufacture of its packaging machines.

Due to the very limited overlap between these two companies in these respects and their very limited market positions in the sectors identified above, the Commission considers that in relation to the horizontal and vertical overlap between the product ranges of the two companies the operation does not raise any problems with regard to its compatibility with the common market.

However, although technically speaking the vertical relationships between Tetra Pak and Alfa-Laval are limited to those set out above, the two companies do produce equipment that has a certain complementarity from the point of view of the consumer. Alfa-Laval produces all equipment used for processing milk and juice until it is packaged. Tetra Pak produces the machines used to package the milk/juice. The merged undertaking would therefore be able to offer a fuller product range now covering all machines used by the dairy/juice producer.

The need to fully determine the nature and extent of the potential effects flowing from this vertical complementarity was the reason leading the Commission to open proceedings in this case, pursuant to Article 6 (1) (c) of the Regulation, on March 19 1991. In particular, in the decision opening proceedings, the Commission identified the following matters which required in-depth investigation:

(i) if the ability to offer a fuller product range than its actual or potential competitors constituted a significant advantage to Tetra Pak in its future sales of packaging machines, this might create or strenghten dominant positions on the markets for such machines and their respective cartons. This question was considered to merit particularly careful scrutiny given Tetra Pak's existing very high market shares in the various markets for packaging and cartons;

(ii) in its sales of milk/juice processing equipment the merged company would also acquire the possibility of offering a fuller product range, including both processing and packaging equipment. Were this to constitute a significant advantage when selling processing equipment the operation might create or strengthen dominant positions on the markets for the various types of processing machines.

B. Effects of the concentration on Tetra Pak's operations

1. *Introduction*

The Commission has examined the effects of the concentration on the following markets in which Tetra Pak is active. The Commission considers that these markets constitute relevant product markets for the purpose of analysing the concentration pursuant to the Regulation:

— the market for machines used for the packaging of liquid foods in cartons under aseptic conditions and the market for the cartons used by such machines;

— the market for machines used for the packaging of liquid foods in cartons under non-aseptic conditions and the market for the cartons used by such machines.

2. *Definition of the relevant market*

Aseptic packaging machines using cartons are technically advanced machines that are able to package aseptic liquids or semi-liquids into carton boxes whilst ensuring that no micro-organisms are introduced into the liquid in question. The machines are at present used to a large extent to package milk treated by the UHT (Ultra high temperature) process and aseptically treated juices.

Possible substitutes for such machines that have been examined by the Commission are the following:

— aseptic packaging machines using other packaging mediums such as glass or plastic;

— non aseptic packaging machines using carton, glass or plastic.

These are the closest possible substitutes for the market as defined. If these products do not form part of the relevant market for the purposes of the examination of the notification it is unnecessary to examine even less perfect substitutes for the product such as metal cans.

In order to assess whether the above mentioned possible substitutes for aseptic carton packaging machines in fact constitute reasonable alternatives, the Commission has undertaken a widespread inquiry. This has involved the sending of a detailed questionnaire to a large number of dairies situated throughout the Community as well as the principal competitors of Alfa-Laval and Tetra Pak and to Alfa-Laval and Tetra Pak themselves.

2.1. Non-aseptic packaging machines are not reasonable substitutes for aseptic packaging machines

The following elements show that the demand elasticity between these two categories is low, and thus they do not represent reasonable substitutes for each other:

(i) Nature of the end-product: shelf-life

Liquids that are packaged aseptically will have a much longer shelf-life than those packaged non-aseptically. Typically aseptic milk will last six months whilst non-aseptically treated milk will last less than one month.

(ii) Distribution method

The difference in the shelf-life and stability between the aseptically and non-aseptically packaged product has significant repercussions on distribution methods. Non-aseptically packaged juice and milk must at all times be kept refrigerated. Aseptically packaged products require no such care. This is one reason why it is very difficult for purchasers of the end product to switch orders from aseptically packaged products to non-aseptic ones in the short to medium term in response to a small but significant price rise. To undertake such a substitution they would also have to invest in new or additional refrigerated distribution and/or sales facilities.

(iii) Taste

Non-aseptically packaged liquids are more expensive than aseptically packaged ones due largely to higher distribution, storage, wastage and display costs. This is an indication that the nature of the finished product in taste terms and not the nature of the packaging process is of principal importance to a purchaser of the final product.

(iv) The packaging process accounts for no more than 10 % of final product price for milk and juice. Thus, a 10 % rise in the total cost of packaging (machine and carton) could result in only a 1 % price increase in the final product price. As explained above, final customers and retailers view aseptic and non-aseptic end products only to a partial extent substitutable for each other, *inter alia* for reasons not connected to price. Thus, a very large price rise in packaging cost for aseptic systems would be necessary to cause a significant shift in demand by retailers from aseptic liquid to non-aseptic liquid and thereby in due course from aseptic packaging machines to non-aseptic machines.

(v) As part of its investigations the Commission asked a large number of dairies and aseptic and non-aseptic packaging machine suppliers to state the expected response to an increase in price in the aseptic packaging machine sector in general. Their replies indicate that the price-elasticity of demand between aseptic and non-aseptic packaging machines is very low. Over 75 % of respondents considered that a price increase of greater than 20 % would be necessary to lead them to change future purchasing plans from aseptic to non-aseptic packaging systems.

In the light of the above the Commission concludes that non-aseptic packaging machines do not represent a realistic and reasonable substitute for aseptic packaging machines.

2.2. Aseptic packaging machines using packaging mediums other than carton are not reasonable substitutes for carton-based systems

Aseptic liquids packaged in cartons represent over 90 % of total aseptically packaged liquids. However, it is possible to package aseptic liquids in plastic or glass. Thus the Commission has examined to what extent these packaging methods represent reasonable substitutes for carton aseptic packaging. All the information available to the Commission indicates that these products do not form part of the relevant product market or markets for the purposes of this case and represent rather imperfect substitutes for carton packaging systems. The reasons for this are as follows:

(i) Physical characteristics of the package

Carton-packaged aseptic products are produced in 'bricks' (rectangular) form. This means that they can be transported, displayed and stored in a much smaller area than glass or plastic bottles. Furthermore, as a carton package is much lighter than a glass bottle, and takes up less space than a glass or plastic bottle, transport costs are lower for carton than for glass or plastic packaging.

(ii) Environmental concerns

Glass bottles might be considered to benefit from a better environmental profile than cartons. The Commission has therefore examined whether one might expect carton packaging systems to be replaced by glass bottling systems in the foreseeable future for environmental reasons and has concluded that this will not be the case. Replies to the Commission's questionnaire indicate that purchasers/lessees and producers of packaging machines do not expect such substitution in the near future.

(iii) As explained above, packaging costs represent a small part of the total retail cost of aseptically packaged liquids. Thus, a decision by a retailer to purchase a liquid packaged in one or other medium will therefore be affected to a limited extent by a small but significant price increase in carton aseptic packaging systems.

(iv) Dairies and packaging machine manufacturers were asked a number of questions to determine the extent to which a significant price rise in aseptic carton packaging systems would result in a significant demand shift to non-carton aseptic packaging systems. The replies indicate that the demand price-elasticity between these product categories is very low. Over 75 % of respondents considered that a price increase of greater than 20 % would be necessary to lead them to change future purchasing plans from aseptic carton to aseptic glass or plastic packaging systems.

In the light of the above, the Commission concludes that aseptic plastic and glass packaging machines do not constitute part of the same product market as aseptic carton packaging machines for the purpose of the examination of the notification.

2.3. The geographic reference market

Aseptic packaging machines of Tetra Pak and its principal competitor, PKL Verpackungssysteme GmbH, are sold throughout the Community. As far as the Commission is aware there are no significant differences in the type and nature of the machines that Tetra Pak and PKL supply in different parts of the Community. Similar distribution systems are used by the companies for their machines throughout the Community. The Commission therefore concludes that the conditions of competition throughout the Community for the products in question are sufficiently homogeneous to assume that the geographic reference market for the purpose of examining the concentration is the Community as a whole.

3. *Dominant position*

3.1. Introduction

In determining whether Tetra Pak holds a dominant position on the relevant product markets as defined above, the Commission has examined a number of factors set out in Article 2 (1) of the Regulation as pertinent to such an analysis.

3.2. Market shares

Tetra Pak has at present a market share exceeding 90 % of the market for the leasing/sale of aseptic carton packaging machines. Tetra Pak has held such a market share for a considerable period of time.

3.3. Size and importance of existing competitors

A market share as high as 90 % is, in itself, a very strong indicator of the existence of a dominant position. However, in certain rare circumstances even such a high market share may not necessarily result in dominance. In particular, if sufficiently active competitors are present on

the market, the company with the large market share may be prevented from acting to an appreciable extent independently of the pressures typical of a competitive market.

The Commission has identified only one actual competitor of Tetra Pak on the relevant market, PKL. However, PKL is a small company with limited financial and material assets. Thus, even were PKL to be considered as an effective competitor of Tetra Pak, it would be unable to meet orders in the short term for a significant part of the market. The inability to act quickly to a change in demand limits PKL's role as a real restraint on Tetra Pak's commercial freedom. Furthermore, the machines of Tetra Pak and PKL are significantly different in technical terms. In particular, Tetra Pak's continuous roll machine offers increased convenience in handling carton blanks for packaging liquids but is unable to package liquids containing particulates.

3.4. Supply-side substitutability — barriers to entry

The Commission has also examined the potential entrants into the relevant product and geographic reference market, to determine whether the threat of entry is sufficiently intense to deprive Tetra Pak of the ability to act to an appreciable extent independently of the market pressure that is characteristic of dominance.

Although the Commission has identified at least one potential entrant it considers that the barriers to entry are sufficiently high to prevent that, and other, potential entrants from significantly limiting Tetra Pak's freedom of action, at least in the short term. The reasons for this view are as follows:

— Tetra Pak owns many patents useful for the production of an aseptic carton packaging machine. These valuable patents are not available to other potential entrants;

— replies to the Commission's questionnaire indicate that one of the factors foremost in the mind of a potential purchaser of a carton aseptic packaging machine in deciding which machine to purchase is whether the manufacturer in question has a proven track record. Because a breakdown in a packaging machine's sterility can lead to the production of unsaleable milk involving considerable financial loss before the fault becomes apparent, a machine manufacturer's ability to demonstrate a proven track record regarding the sterility of the end product is very important. Replies to the questionnaire indicate that the dairies consider Tetra Pak to have such a proven track record. This will make it very difficult, at least in the short term, for a new manufacturer to enter the market;

— a carton aseptic packaging machine is a very complex piece of machinery and considerable specialized know-how and resources would need to be invested to enter the market. Because of the maturity of the market and its inbuilt conservative nature (see above) a potential entrant faces considerable risk that the investment outlay will exceed returns. These factors can be expected to diminish the likelihood of entry in the near future.

To the Commission's knowledge, with the exception of Elopak/Shikoku, there are no manufacturers of aseptic carton packaging machines trading actively outside the Community that are likely to enter the Community market in the near future.

In the light of the above, the Commission considers that the unlikely occurrence of entry on the market means that in this respect Tetra Pak will not be constrained from acting to an appreciable extent independently of its competitors, customers, and ultimately of consumers.

3.5. Conclusion

The Commission concludes that Tetra Pak holds a dominant position on the market for aseptic carton packaging machines in the Community as a whole.

4. *No strengthening of an existing dominant position*

Tetra Pak holds a position of great market power. Thus the Commission has examined very carefully whether the operation will in any way strengthen that position. When faced with such a high degree of dominance, the Commission must be particularly vigilant, because in such circumstances even a very small increase in market power can have a disproportionately large negative effect on the competitive conditions on the market place.

In particular, the Commission has examined whether the operation would be likely to give to Tetra Pak certain marketing or other advantages over non-integrated aseptic carton packaging machine suppliers that would be likely to limit growth by existing competitors or raise barriers to entry for potential competitors. This is of particular

concern in this case because the barriers to entry, both technical and commercial, into the market for aseptic carton packaging machines are already very high, and the creation of additional entry barriers, further foreclosing the market to potential competitors, would be of significant concern.

All of the detailed investigations undertaken by the Commission lead to the conclusion that in fact the creation of a full-line (processing and packaging machines) capability within a single undertaking will not in fact confer upon Tetra Pak an advantage of real significance that would be likely to further increase the difficulty of entry or penetration of actual or potential competitors. The underlying reason for this is that the two categories of machines are distinct and separate in both technical and commercial terms. The following factors explain the reasons for this conclusion :

— Only where processing and packaging machines are purchased simultaneously could the ability to offer both machines be potentially significant. The Community market for such processing lines is a mature one. According to figures available to the Commission less than 5 % of total packaging machine purchases have occurred simultaneously with processing machine purchases over the last three years. This inevitably reduces to almost insignificance any potential advantage available to Tetra Pak as a result of the concentration.

  Furthermore, when purchasers of aseptic carton packaging machines were asked to put in order of importance the factors relevant to which brand of aseptic carton packaging machine to purchase (price, reliability, speed etc.) invariably the ability to offer both packaging and processing machines within a single undertaking was considered the least important of the nine available choices. Even when asked to make a similar classification for circumstances in which both packaging and processing machines would be purchased simultaneously, the ability to offer both processing and packaging machines was once again considered to be the least important of the nine suggested factors.

— A number of large and strong actual and potential competitors are present on the markets for processing machines. Thus, if an actual or potential competitor of Tetra Pak perceived any advantages to flow from offering both packaging and processing machines, real and appropriate possibilities for doing so exist.

— It is also pertinent to note that none of the actual or known potential competitors of Tetra Pak in the aseptic carton packaging market considered that their expansion/entry prospects would be disadvantaged by the concentration.

— The interface between an aseptic packaging machine and an aseptic-processing machine is not complicated in technical/engineering terms. It is therefore a simple operation to change a Tetra Pak machine for that of another manufacturer and to ensure that it interfaces efficiently with an existing processing machine even if the processing machine is manufactured by Alfa-Laval. In this respect it is important to note that the technology in an aseptic processing machine is basic. There is therefore no real risk that Alfa-Laval aseptic processing machines could be made difficult to interface with other packaging machines than those of Tetra Pak.

— Dairies and juice processors are typically large undertakings with very significant buying power.

In the light of these factors the Commission concludes that the concentration will not reinforce Tetra Pak's existing dominant position in this market.

In arriving at this conclusion the Commission has not overlooked its Decision 88/501/EEC [1] 'Tetra Pak-BTG' of 26 July 1988, upheld by the Court of First Instance in its judgment of 10 July 1990, in Case T-51/89 [2]. In that case it found that Tetra Pak had abused its dominant position on the aseptic carton packaging market by acquiring a company holding a licence for a new packaging process and thereby preventing competitors from gaining access to this new technology. The Commission considers, however, that this merger does not in itself create a structure which would facilitate such abuses.

5. Tetra Pak's activities in relation to non-aseptic machines and carton blanks

5.1. In the market for non-aseptic carton packaging machines Tetra Pak has a very high market share, which is however lower than that in the market for aseptic carton packaging machines. The connection between a non-aseptic packaging machine and a processing line is even simpler than between an aseptic packaging machine and a processing line. Thus the reasons why the concentration will not reinforce Tetra Pak's dominant position in the aseptic market apply to an even greater extent in the non-aseptic market. In the light of this, the Commission considers that the operation will not create or strengthen a dominant position of Tetra Pak in the non-aseptic carton packaging market.

[1] OJ No L 272, 4. 10. 1988, p. 27.
[2] ECR 1990, p. II. 309.

5.2. The market for carton blanks constitutes a separate relevant product market for the purposes of the Commission's assessment of this case, and there are good reasons for concluding that Tetra Pak is dominant at least on the market for carton blanks for aseptic packaging machines. The existence of such a dominant position is a direct result of Tetra Pak's strength on the packaging machine market. At present Tetra Pak alone provides the carton blanks for the aseptic packaging machines that it has manufactured. It holds over 80 % of the general market for carton blanks for aseptic packaging machines. It thus benefits from an existing production, distribution and marketing infrastructure of a size unavailable to its competitors. Most of all, because of the overriding importance of sterility maintenance to purchasers, it benefits from a very considerable advantage when selling cartons for its machines; due to the serious consequences of a sterility failure customers will always have a tendency to purchase cartons from the machine producer. It therefore follows that if the operation will not create or strengthen any dominant position on the market for the aseptic packaging machines, no strengthening of any dominant position on, the carton markets will result from the concentration.

C. Effects of the concentration on Alfa-Laval's operations

1. *The relevant product markets*

Alfa-Laval produces a wide range of processing equipment used in a number of industries. The concerns of the Commission in this case relate to the likely effects resulting from the vertical complementarity between Tetra Pak's aseptic packaging machines and those machines produced by Alfa-Laval which might precede a Tetra Pak machine in a processing line.

After having examined the milk processing machine sector, the Commission has identified a number of stages through which milk passes during its processing for aseptic packaging. Each stage involves machines which fall into a particular product category which cannot be substituted for a machine used in another category.

The stages and types of machines can be represented as follows:

— separator: removes fat from milk and cream,

— standardization equipment: ensures a standard fat content of milk and cream,

— plate heat exchanger: destroys the pathogenic bacteria dangerous to humans. The resultant product may then be packaged as pasteurised milk, with a non-aseptic packaging machine,

— aseptic processing unit: this unit destroys the micro-organisms responsible for the rapid decay of milk. A UHT unit heats the milk to 140° and cools it very quickly. Such milk, if packaged aseptically, has a shelf-life of up to six months.

The Commission is aware that alternative classifications of the processing machines that make up a milk line might be put forward, and machines such as pumps, valves, storage tanks and control systems might be included. However, information in the Commission's possession indicates that Alfa-Laval's position in such markets is not appreciably different to that in the above-mentioned ones, and the markets exhibit similar technical and marketing characteristics to those defined. In the light of this, the Commission considers that the inclusion or exclusion of the above products as additional relevant product markets affected by this transaction would not affect the analysis figuring below. For the purpose of the analysis of the notified concentration the Commission therefore considers that the relevant product markets for Alfa-Laval's milk processing machine activities are the machine categories mentioned above. For similar reasons, the classification is equally applicable for analysing the effects of the concentration in the juice processing sector.

2. *The geographic reference market*

Machines that are sold in the abovementioned categories are materially identical throughout the Community. Similar distribution systems are used by the companies for their machines throughout the Community. The Commission therefore concludes that the conditions of competition throughout the Community for the products in question are sufficiently homogeneous to assume that the geographic reference market for the purpose of examining the notification is the Community as a whole.

3. *Dominant position*

3.1. Market shares

According to the information available to the Commission, market shares for the product categories in question for 1990 were:

Separators: Westfalia [(1)] %, Alfa-Laval [...] %, others [...] %

Standardization equipment: Alfa-Laval [...] %, APV [...] %, others [...] %

(1) In the published version of the Decision, some information has hereinafter been omitted, pursuant to the provisions of Article 17 (2) of Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets.

Heat exchangers: Alfa-Laval [...] %, APV [...] %, others [...] %

Aseptic processing systems: Alfa-laval [...] %, Finnah [...] %, APV [...] %, Stork [...] %, others [...] %

3.2. Size and importance of competitors

A number of large, important and effective competitors operate on all the relevant markets listed. Some of these competitors, in particular APV, are large companies with substantial resources. However, it should be noted that in relation to separators, standardization equipment and aseptic processing systems Alfa-Laval holds very large market shares.

3.3. Supply-side substitutability

3.3.1. From neighbouring markets

There is a very high degree of supply-side substitutability between supplies of separators, standardization equipment and plate heat exchangers for milk processing and supplies of similar equipment for other purposes, including brewing, food processing and pharmaceutical uses. The machines used in these different industries require little modification for use in the dairy sector. Most companies producing such machines have a high percentage of their relevant turnover outside the dairy/juice industry.

3.3.2. Potential market entrants

The technical knowledge necessary for the manufacture of separators, standardization equipment, plate heat exchangers and aseptic processing machines is not particularly difficult to acquire. Marketing/capital considerations, rather than technical/regulatory entry barriers are likely to be relevant in a decision by a potential entrant whether or not to enter any of the abovementioned markets.

4. *Conclusion*

In the light of the above it is concluded that in relation to the relevant product markets set out above, whilst Alfa-Laval holds a leading position in the relevant markets, it does not at present hold such a degree of market power that it is able to act to an appreciable extent independently of its competitors, customers, and ultimately of its consumers. Prior to the concentration, therefore, Alfa-Laval does not hold a dominant position which might be strenghtened by the present operation.

5. *No creation of a dominant position of Alfa-Laval*

The Commission has undertaken a widespread and detailed inquiry to determine whether the ability to offer both packaging and processing machines within a single undertaking will give the merged company such an advantage over its competitors for liquid food processing machines that it would, over a period of time, be expected to acquire a dominant position on any of the markets identified.

The results of this inquiry lead to the conclusion that in fact no such dominant position will be created. Many of the reasons why the ability to offer both processing and packaging machines will not confer upon Alfa-Laval such advantages over its competitors that a dominant position may be expected to develop are parallel to those explained above in relation to Tetra Pak's aseptic packaging operations. This is true, in particular in relation to the following factors:

— sales of full line installations (or 'turn-key' installations) represent less than 5 % of total sales for processing equipment,

— the technology used in packaging and processing machines are significantly different,

— the interface connection between packaging and processing machines is not complicated,

— dairies and juice processors have significant buying power.

Furthermore, due to the 'low tech' nature of processing machines, it is very easy to substitute a machine (whether it be a separator, standardization equipment, a plate heat exchanger or an aseptic processing unit) of one manufacturer for that of another. Most 'milk lines' are made up of machines of different suppliers and there is no real advantage in purchasing all the line from a single purchaser.

When purchasers of the four types of processing machine were asked to put in order of importance the factors relevant to the question of which brand of aseptic carton packaging machine to purchase (price, reliability, speed etc.) invariably the ability to offer both packaging and processing machines was considered the least important of the nine available choices. Even when asked to make a similar classification for circumstances in which both packaging and processing machines would be purchased simultaneously, the ability to offer both processing and packaging machines within a single undertaking was once again considered to be the least important of the nine suggested factors.

In the light of these factors, the Commission considers that the concentration will not create a dominant position in any of the markets for liquid food processing equipment identified above as a result of which effective competition would be significantly impeded in the common market.

V. Conclusion

The Commission concludes that the notified concentration is compatible with the common market within the meaning of Article 2 (2) of the Regulation.

HAS ADOPTED THIS DECISION:

Article 1

The notified concentration between Tetra Pak and Alfa-Laval is declared compatible with the common market.

Article 2

This Decision is addressed to:

Tetra Pak International SA,
70, avenue Général-Guisan,
PO Box 446,
CH-1009 Pully (Lausanne),
Switzerland,

and

Alfa-Laval AB,
PO Box 12150,
S-102 24 Stockholm,
Sweden.

Done at Brussels, 19 July 1991.

For the Commission
Leon BRITTAN
Vice-President