



The Competition Authority

An tÚdarás Iomaíochta

DETERMINATION OF MERGER NOTIFICATION M/07/057-RENAULT/GLENCULLEN

Section 21 of the Competition Act 2002

Proposed acquisition by Renault s.a.s. of Glencullen Distributors Limited

Dated 26/10/07

Introduction

1. On 28 September 2007 the Competition Authority ("the Authority"), in accordance with Section 18(1)(a) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby Renault s.a.s. ("Renault") would acquire the entire issued share capital of Glencullen Distributors Limited ("GDL"), that is, the wholesale distribution business of Glencullen Holdings Limited ("GHL") which is owned by William Cullen.
2. Post acquisition, Mr. Cullen will continue to be active in the retail distribution of vehicles through his Citygate Motor Group of retail dealership.

The Undertakings Involved

3. Renault, the acquirer, is a wholly owned subsidiary of Renault SA which is listed on the French stock exchange. Renault SA is active in the design, development, manufacture and marketing of passenger cars and commercial and agricultural vehicles. It is also active in sales financing, i.e., the provision of financing solutions and services to consumers, corporate clients and the networks that distribute the Renault Group's automobiles. These sales financing activities are carried out by the RCI Banque Group which is part of the Renault Group.
4. Renault SA also holds strategic shareholdings in AB Volvo¹ and in Nissan². Renault and Nissan operate an alliance together (the "Renault-Nissan Alliance"). Following the acquisition of the Romanian carmaker Dacia and of Samsung Motors' operating assets in South Korea, Renault also controls the automobile brands Dacia and Samsung.
5. GDL, the target, is the sole wholesale distributor of Renault-branded automobiles in the State. This arrangement operates under Renault's selective distribution network for the distribution of Renault motor vehicles as provided for in Commission Regulation (EC) No 1400/2002

1. Renault SA holds a 20.74% stake in Volvo.

2. Renault SA holds a 44.4% stake in Nissan which gives it sole control of Nissan within the meaning of Article 4 of Council Regulation (EEC) No 4064/89 (for further details see the Decision of the European Commission dated 12 March 1999 Case No IV/M.1519 – *Renault/Nissan*).

(the "Motor Vehicle Block Exemption"). GDL also operates Renault's selective retail distribution network and supplies spare parts to 34 authorised Renault dealers and six authorised repairers in Ireland. Six of the 34 dealers currently supplied by Glencullen are owned directly by CityGate Motor Group Limited, a subsidiary of GHL.

Analysis

6. There is no horizontal overlap between the activities of the parties. The parties are active at different levels of the market.
7. However, Renault and GDL are in a vertical relationship. Renault is active in the upstream manufacture of Renault branded motor vehicles while GDL is active in the wholesale and retail distribution of Renault branded vehicles.
8. For the year ended December 2006, using data on national registration by motor vehicle brand³, the parties estimated that Renault accounted for c.5% of passenger cars and c.7% of commercial vehicles sold in the State.
9. Although Renault holds a controlling stake in Nissan, the Nissan branded motor vehicles are distributed in the State by an independent importer that is independent of the distribution of Renault branded motor vehicles⁴. There is no connection between that independent importer and either Renault or GDL. For the year ended December 2006, using data on national registration by motor vehicle brand, the parties estimated that Nissan accounted for c.8% of passenger cars and c.11% of commercial vehicles sold in the State.
10. The Authority considers that the proposed acquisition will not raise competition concerns as the merger will not result in:
 - (i) a change in the horizontal structure of any market in the State, since there is no horizontal overlap in the activities of the parties; and,
 - (ii) any foreclosure of access to either passenger cars or light commercial vehicles, since (a) Renault accounts for less than 10% of either category of vehicles and (b) Renault branded motor vehicles are distributed independently of Nissan branded motor vehicles in the State. Furthermore, the combined market share of Renault and Nissan in either category of vehicles is less than 20%.

³ Data obtained from Society of the Irish Motor Industry.

⁴ Nissan Ireland Limited, which is managed by Nissan Europe, is the wholesale distributor of Nissan branded vehicles in Ireland.

Determination

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Renault s.a.s. of the entire issued share capital of Glencullen Distributors Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority



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