



GAZDASÁGI
VERSENYHIVATAL

Acquisition of control over three Hungarian sugar plants by Nordzucker

Greenlight was given to Nordzucker for acquiring acquisition of control over Mátra Cukor Mátravidéki Cukorgyárak Rt, Szerencsi Cukorgyár Rt. and Szolnoki Cukorgyár Rt.

The GVH was notified by Nordzucker AG about its intention to acquire control over three sugar manufacturers (Mátra Cukor Mátravidéki Cukorgyárak Rt, Szerencsi Cukorgyár Rt. and Szolnoki Cukorgyár Rt).

The undertaking-group controlled by Nordzucker AG (Nordzucker-group) is a leading sugar producer in Germany and runs sugar plants in other European countries, however, no Hungarian undertakings belong to the group. Members of the group seated outside Hungary made an aggregate net turnover of HUF 546 million in 2001 on the territory of the Hungarian Republic. The market share of the Nordzucker-group of sugar production in the EU is about 8%.

In Hungary, besides the three sugar producer undertakings that belong to the same group of undertakings (Beghin-Say) at the present and are to be acquired by the Nordzucker-group, there are two other undertakings that possess sugar plants (Magyar Cukor Rt. And Kabai Cukorgyár Rt.). Both the three undertakings to be purchased and Magyar Cukor Rt. have 36% of market shares while the other undertaking (Kabei Cukorgyár Rt.) has 26-27 % from the Hungarian sugar turnover.

According to the Competition Act, the GVH may not refuse to grant authorisation for a concentration where the concentration does not create or strengthen a dominant position, which would impede the formation, development or continuation of effective competition on the relevant market.

On the basis of the practice of the Competition Council (pursuant to the case Vj-127/2001), according to the GVH the relevant product market is the beet-sugar and other sugar products from beet-sugar, the relevant geographical area is the whole territory of the Republic of Hungary.

On the market concerned, there are three undertaking-groups with almost the same market share, which – considering other market factors as well – means a collective dominant position on the basis of the decision of the Competition Council made in connection with the case Vj-127/2001. However, this collective dominant position would not be increased as a result of the planned concentration, since preceding the transaction, the Nordzucker-group was little represented (less than 1%) on the relevant market, hereby the market shares of the undertaking-groups concerned will practically remain the same.

When assessing the effects of the planned concentration on competition, the Competition Council, based on its practice, does not only take into account the existing competition, but also the impacts of the potential competition on the relevant market. From this point of view import competition has a determining importance considering that Hungary has little geographical extension. In a usual case import can be increased practically without any limits, hereby it is capable of putting more competition-pressure on the other players of the market than it otherwise could resulting from its actual weight. Considering this phenomenon, the potential import has usually decreased the potential harmful effects of the concentration to competition. However, this case is very special since the Nordzucker-group is present in the neighbouring Slovakia, and in the near Czech Republic and Poland as well; consequently the planned concentration might have restrictive effects to the (potential) import competition (from another point of view: the concentration might have a significant increasing effect on the concentration of a market larger than Hungary). However, the Competition Council deemed it unnecessary to conduct a detailed investigation from this point of view, since in its opinion (potential) import does not have a determining role (Vj-127/2001) due to the present import customs on sugar (also considering supplementary customs depending on import prices).

Considering the above mentioned, the planned concentration is not likely to have harmful horizontal effects, and based on the field of interest of the undertakings concerned, neither vertical nor portfolio effects can be identified. Harmful conglomerate effects are not likely to arise since the undertakings to be controlled belonged to one significant international undertaking-group even before the transaction.

Based on all the above-mentioned and pursuant to the Competition Act, the Competition Council granted authorisation to the concentration.

Case number: Vj-8/2003

Budapest, 14 March 2003 (date of the decision of the Competition Council)