



Determination of the Competition Authority

Determination No. M/03/013 of the Competition Authority, dated 19 June 2003 under Section 21 of the Competition Act, 2002

Notification No. M/03/013 – Acquisition of Rosenlew Group by 3i Group Investments LP from the UPM-Kymmene Group

Introduction

1. On 29 May 2003 the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby 3i Group Investments LP through subsidiaries companies, and other persons, would acquire a number of companies (the Rosenlew Group) from the UPM-Kymmene Group.

The Parties

2. 3i Group Investments LP (3i) is a member of the 3i Group, and is a wholly owned subsidiary of 3i plc, a publicly quoted company. Its principle activity is as an investment institution. In 2002, the 3i Group achieved turnover in Ireland of [...]. 3i jointly controls Condepols, a Spanish company active in the sale of Flexible Intermediate Bulk Containers (FIBCs). Condepols sales of FIBCs in Ireland in 2002 were [...]. 3i also holds interests in BulkBag Ltd and Structure-Flex Ltd, UK companies also involved in the sale of FIBCs.
3. The Rosenlew Group is owned by the UPM-Kymmene Group. The Rosenlew Group is also involved in the sale of FIBCs. The Rosenlew Group’s sales of FIBCs in Ireland were [...] in 2002.

Analysis

4. FIBCs are woven polypropylene sacks used to transport free flowing dry goods ranging between approximately 500 to 1,300 kg in weight. The parties submitted that the relevant market for the supply of FIBCs was a European-wide or global market. The parties further submitted that both 3i and Rosenlew’s sales into Ireland are very small. 3i estimates it accounts for less than 10% of total sales of FIBC’s in Ireland, and Rosenlew estimates that it has less than 1% of total sales in Ireland. Market enquiries also indicated that post merger there would still be number of significant competitors for Irish customers. Accordingly, the Authority found that the proposed acquisition would not have a substantial impact on competition within the State.
5. In assessing this matter, the Authority did not form a definitive view on market definition, because irrespective of whether a European-wide, global, or narrower Irish market definition was adopted, the proposed acquisition would not have had a substantial impact on competition within the State.
6. As it was found that the impact on competition would not be substantial even if 3i’s non-controlling interests in BulkBag and Structure-Flex had been taken into account, the Authority did not form a definitive view as to whether such non-



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controlling interests should or should not be taken into account in assessing the competitive effects of the transaction.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that the result of the proposed acquisition 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

Terry Calvani
Member of the Competition Authority

19 June 2003