



**ΚΥΠΡΙΑΚΗ  
ΔΗΜΟΚΡΑΤΙΑ**

Decision CPC: 49/2020

Case Number: 8.13.020.31

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW**

**No. 83(I)/2014**

**Notification of a concentration regarding the acquisition of joint control of Aldiana Club Zypern Hotel by Muskita Tourist Enterprises Ltd and TUI AG (via Robinson Club GmbH)**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr. Polinikis Panayiotis Charalambides	Member

Date of decision: 24 November 2020

**SUMMARY OF THE DECISION**

On the 4th of November 2020, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Muskita Tourist Enterprises Ltd

(hereinafter «Muskita Tourist» or the «Owner») και TUI AG (hereinafter «TUI»), notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns the acquisition of joint control of Aldiana Club Zypern Hotel (hereinafter the “Target”) by Muskita Tourist Enterprises Ltd and TUI AG (via Robinson Club GmbH).

Muskita Tourist Enterprises Ltd is a company duly registered in accordance with the laws of the Republic of Cyprus. This company is part of the Muskita group of companies, which is active in the sectors of hotel ownership, aluminum trading and real estate.

Robinson Club GmbH is a company duly registered in accordance with the laws of the Republic of Cyprus. Robinson Club GmbH offers travelers, couples and families a special variety in all types of holidays. Many of its clubs are also suitable for conferences and events (e.g. private weddings, corporate or product presentations). This company belongs to the TUI group, whose parent company is TUI AG. This group of companies is a multinational travel and tourism group and operates through airlines, travel agents, cruise ships, resorts and hotels.

The Target in this concentration consists of a hotel unit located in the village of Alaminos in Larnaca province, under the name Aldiana Club Zypern Hotel and is currently owned by Muskita Tourist Enterprises Ltd. After the completion of this concentration, it will operate under the name Robinson Club Cyprus.

The details of the transaction are set forth in the Management Agreement dated 30/9/2019 between Muskita Tourist and Robinson Club GmbH (hereinafter the “Management Agreement”).

According to the Management Agreement, this transaction concerns the joint acquisition of control of a hotel business located in the village of Alaminos, in the province of Larnaca by Robinson Club GmbH and Muskita Tourist. The hotel is known as Aldiana Club Zypern Hotel. Under the Management Agreement, Robinson Club GmbH, wholly owned by TUI, will act as the manager of the target hotel, while Muskita Tourist, which is a member of the Muskita group, will remain as the sole owner of the hotel.

The parties involved argue that in this act under the terms of the Management Agreement, results to joint control over The Target Company by Robinson and Muskita Tourist.

The Commission after evaluating the terms of the Management Agreement, and after taking into consideration the Jurisdictional Notice<sup>1</sup>, concluded that this will lead to joint control over the Target.

Having regard to the Jurisdictional Notice and in particular the sufficient resources for the independent operation of the market, the Directors and The Board of Directors, activities beyond one specific function for the parent companies and market/sale relationships with the parent companies, the operation of the Target Company on a permanent basis, as well as the events relating to this concentration, concluded that, the Target is an autonomous undertaking.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6(1)(b) of the Law, since the Target is a joint venture jointly controlled by Muskita Tourist and Robinson Club GmbH, which will permanently fulfil all the functions of an autonomous entity with operational autonomy.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(α) of the Law were satisfied and therefore the notified transaction was of major importance under the Law.

The Commission, for the purposes of evaluating this concentration, defined the relevant product/service market as (a) the market of ownership, management and operation of four (4\*) and five (5\*) star hotels, and Class A and Deluxe Hotel Apartments in Larnaca province, (b) the market of leisure package services in Cyprus and (c) the market of end-destination management services in Cyprus.

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<sup>1</sup> Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (2008/C 95/01)

According with the undertaking concerned, this concentration does not lead to a horizontal overlap in the relevant markets. The hotels controlled by the TUI Group are located in different provinces from the Target hotel that is located in Larnaca.

This merger results in a vertical relationship in the market for the ownership, management and operation of four (4\*) and five (5\*) star hotels, and Class A and Deluxe Hotel Apartments in the province of Larnaca where the Target operates and the TUI Group's presence in the pleasure package services market in Cyprus and in the final destination management services market in Cyprus.

The market share of the Target in ownership, management and operation of four (4\*) and five (5\*) star hotels, and Class A and Deluxe Hotel Apartments in the province of Larnaca is [20-30]%. TUI Group's market share in the pleasure package services market in Cyprus is [20-30]%. TUI Group's market share in the final destination management services market in Cyprus is [10-20]%.

The transaction will result in an affected market as defined in Article 3(a) of Annex I of the Law, due to the vertical relationship between the markets where the hotel is active and the pre-existing presence of the TUI group in (i) end-destination management services and (ii) travel organisation services for tourists visiting Cyprus, in which Muskita is not active.

The Commission therefore carried out an analysis of the compatibility criteria in accordance with the criteria set out in Article 19 of the Law and in particular the structure of the affected markets, the market position of the undertakings concerned, barriers to market entry, supply and demand trends and the impact on consumer interests.

The Commission concluded that despite the fact that an affected market arises in the ownership, management and operation of four (4\*) and five (5\*) star hotels, and Class A and Deluxe Hotel Apartments in the province of Larnaca due to the vertical relationship resulting from the purchase of leisure package services in Cyprus and the purchase of end-destination management services in Cyprus, competitors continue to exist that can react in the event of possible abuse by the TUI Group. It is also noted that in addition to the amount of the investment, there are no special barriers to entry and this is evidenced by the fact that in the last 2 years 3 new 5\* and 3 4\* star hotels have been built.

On the basis of the above, the Commission concluded that there is an affected market in accordance with the definition in Annex I of the Law in this concentration, but does not lead to a significant impediment to competition in the Republic or to a significant part of it, in particular as a result of the creation or strengthening of a dominant position. In addition, that there are no other markets in which the notified concentration may have a significant impact on the basis of Annex I to the Law.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

LOUKIA CHRISTODOULOU

Chairperson of the

Commission for the Protection of Competition