

Brussels, 18th June 1998

Commission approves a revised license agreement between Tuborg International A/S and AB Pripps Bryggerier for Tuborg beer in Sweden

The European Commission has approved a revised license agreement between Tuborg International A/S ("Tuborg") and AB Pripps Bryggerier ("Pripps") for Tuborg beer in Sweden. After the Commission expressed serious concerns regarding their existing exclusive licensing arrangement, in place since 1975, the companies have re-negotiated their agreement to make it de facto non-exclusive. This structural change increase competition on the Swedish beer market.

Pripps belongs to the Norwegian Orkla group and is the leading brewer on the Swedish market. Tuborg is part of the Danish Carlsberg group, which is Denmark's leading brewer and is also present on the Swedish market through Falcon Bryggerier AB ("Falcon"). The Carlsberg group's leading brands are Carlsberg and Tuborg. Pripps has held an exclusive license for Tuborg beer in Sweden since 1975, while the license for Carlsberg beer is held by Falcon.

The Tuborg license agreement was notified to the Commission following Sweden's accession to the European Union (EU). The Commission informed the parties that such a long-term exclusive co-operation between competitors, with its likely foreclosure effects, rises serious concerns under Article 85 of the EU Treaty. Certain other restrictions on Pripps (including, *inter alia*, an obligation not to co-operate with certain foreign brewers, and a guarantee that Tuborg would be the largest foreign brand in Pripps' portfolio) had already been removed by the parties following their initial discussions with the Commission's services.

The parties have now agreed to radical changes for the future of the Tuborg brand in Sweden. Their continued co-operation is based on a non-exclusive right (from 1998 to 2002) for Pripps to manufacture, sell and distribute Tuborg beer in Sweden. In order to avoid an abrupt negative impact on Pripps's utilisation of its production capacities, Tuborg has agreed, under certain conditions, to purchase a steadily decreasing quantity of Tuborg class III beer from Pripps, should Pripps fail to sell this minimum volume on the market.

The above-mentioned changes to the parties' arrangement, together with the fact that also Falcon will sell Tuborg beer in Sweden, is expected to increase competition and offer new opportunities for other foreign brewers on the Swedish beer market. The Commission has informed the parties of its position by means of a comfort letter.