



Mergers: Commission approves Philip Morris International's acquisition of Swedish Match, subject to conditions

Brussels, 25 October 2022

The European Commission has approved, under the EU Merger Regulation, the proposed acquisition of Swedish Match by Philip Morris International. The approval is conditional on full compliance with commitments offered by Philip Morris International.

Philip Morris International and **Swedish Match** are suppliers of tobacco and nicotine products. They compete, among others, in the manufacture and supply of oral tobacco and nicotine products, such as snus and nicotine pouches. Swedish Match holds a *de facto* monopoly on distribution of tobacco and nicotine products in Sweden through its subsidiary SMD Logistics.

The Commission's investigation

The Commission's preliminary investigation showed that SMD Logistics has a dominant position in the supply of combustible tobacco, smoke-free, and related products in Sweden. Philip Morris International is a leading supplier of combustible tobacco, including factory-manufactured cigarettes ('FMC'), and roll-your-own tobacco ('RYO'), as well as heated tobacco products.

The transaction could have led to foreclosure effects in Sweden, given that SMD is the only distributor of combustible tobacco, smoke-free, and related products in Sweden.

The Commission did not find competition concerns in other markets in which the parties compete, including the manufacture and supply of snus in Sweden and Norway, and of nicotine pouches in Sweden and Slovenia, as sufficient alternative suppliers would remain active following the transaction.

The proposed remedies

To address the Commission's preliminary competition concerns, Philip Morris International offered to **divest Swedish Match's logistics arm, SMD Logistics**.

The commitments consist of the structural divestiture of a stand-alone business, which fully removes the vertical links between the manufacture of tobacco and nicotine products and their distribution in Sweden. This will enable a purchaser to run the divested business as a viable competitive force in the market on a lasting basis. The Commission will closely monitor the divestment process, including the choice of a suitable purchaser for the divested business that will have to be approved by the Commission.

Following the market test, the Commission concluded that the transaction, as modified by the commitments, would no longer raise competition concerns. The decision is conditional upon full compliance with the commitments.

Companies and products

Philip Morris International, headquartered in the US, is active worldwide in the manufacturing and sale of various tobacco related products, including cigarettes, oral tobacco products (e.g. snus), nicotine pouches and accessories, under various brands, including Marlboro and Chesterfield.

Swedish Match, headquartered in Sweden, manufactures and sells various oral tobacco products (e.g. snus), nicotine pouches, cigars, matches, lighters and other accessories. Swedish Match distributes its own and third parties' tobacco and nicotine-containing products in Sweden through its wholly owned subsidiary SMD Logistics.

For More Information

The transaction was notified to the Commission on 6 September 2022.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the European Economic Area

or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). If commitments are proposed in Phase I, the Commission has 10 additional working days, bringing the total duration of a Phase I case to 35 working days, such as in this case.

More information will be available on the Commission's [competition website](#), in the public [case register](#) under the case number [M.10792](#).

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