



OPINION

of the ADVISORY COMMITTEE on MERGERS

given at its meeting of 12 July 2012

regarding a draft decision relating to

Case COMP/M.6410 UTC / GOODRICH

Rapporteur : HUNGARY

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1. The Advisory Committee agrees with the Commission that the notified operation constitutes a concentration within the meaning of Council Regulation No. 139/2004.
 2. The Advisory Committee agrees with the Commission that, for the purpose of assessing the present operation, the definitions of the relevant **product markets** are:
 - a) The markets for alternating current (AC) generation systems within electrical systems
 - (i) AC generation systems market can be segmented respectively into constant and variable frequency, even though the relevance of further segmenting the market can be left open for the purpose of this case.
 - (ii) the question whether generators for different aircraft platform sizes should be defined as a distinct product market also can be left open for the purpose of this case.
 - (iii) the question of further segmenting the market for power generation according to commercial and military applications can be left open for the purpose of this case.
 - b) The markets for respectively primary and secondary distribution systems within AC distribution, low-voltage and high voltage direct current (DC) distribution;
 - c) The market for aircraft engines, even though the question whether the market should be narrowly defined on the basis of the mission profiles, or whether it should be considered a unique market including both turbofan and turboprop engines can be left open for the purpose of this case;
 - d) The markets for Auxiliary Power Units (APUs) for respectively large commercial aircraft and for regional jet aircraft, even though the relevance of a further segmentation according to power output or performance criteria can be left open for the purpose of this case;
 - e) The markets for respectively electronic engine controls (“EECs”), main fuel pumps, and fuel metering units (“FMUs”) (together referred to as "engine

- controls"), even though the relevance of a further segmentation according to the size of the engine and the purpose of the aircraft can be left open for the purpose of this case;
- f) The markets for fuel nozzles, even though the question whether the market should be further segmented depending on the size and/or type of the engine can be left open for the purpose of this case;
 - g) The markets for flight control actuation systems, even though the question whether the market should be further segmented as primary flight control actuators ("PFCAs"), secondary flight control actuators ("SFCAs"), trimmable horizontal stabilizer actuators ("THSAs"), rotorcraft flight control actuators ("RFCAs") and missile actuators can be left open for the purpose of this case;
 - h) The market for mechanical sub-assemblies specifically produced for THSA systems, even though the question whether this market should include the supply of stand-alone ball screws for THSA systems can be left open for the purpose of this case;
 - i) The market for nacelle systems, even though the exact product market definition can be left open for the purpose of this case;
 - j) The market for ice detection systems, even though the exact product market definition can be left open for the purpose of this case;
 - k) The market for pressure transducers, even though the exact product market definition can be left open for the purpose of this case;
 - l) The market for lighting, even though the exact product market definition can be left open for the purpose of this case;
 - m) The market for helicopters, even though the exact product market definition (distinct product markets for military helicopters and civil helicopters) can be left open for the purpose of this case;
 - n) The market for helicopter rescue hoists, even though the exact product market definition can be left open for the purpose of this case;
 - o) The market for air data probes, even though the exact product market definition can be left open for the purpose of this case;
 - p) The markets for component MRO services, even though the exact product market definition can be left open for the purpose of this case;
 - q) The markets for spare parts and inputs related to the provision of MRO services, even though the exact product market definition can be left open for the purpose of this case.
3. The Advisory Committee agrees with the Commission that, for the purpose of assessing the present operation, the **geographic scope of the relevant markets**:
- r) Is worldwide for aircraft generation and distribution systems for commercial applications, while the exact geographic definition of aircraft AC power generator for military applications can be left open for the purpose of this case;
 - s) Is worldwide for aircraft engine and APU markets;
 - t) Is worldwide for the supply of engine controls to civil applications, while the exact geographic definition regarding engine controls for military applications can be left open for the purpose of this case;

- u) Is worldwide for the supply of fuel nozzles to civil applications while the exact geographic definition regarding engine controls for military applications can be left open for the purpose of this case;
 - v) Is worldwide for flight control actuation systems for civil/commercial applications, while the precise definition of the geographic scope for missile actuation systems and military applications of other flight control actuation systems can be left open for the purpose of this case;
 - w) Can be left open with regard to the market for mechanical sub-assemblies for THSA systems for the purpose of this case;
 - x) Is worldwide for nacelle systems;
 - y) Is worldwide for ice detection systems;
 - z) Is worldwide for pressure transducers;
 - aa) Is worldwide for lighting;
 - bb) Is worldwide for helicopters;
 - cc) Is worldwide for helicopter rescue hoists;
 - dd) Is worldwide for air data probes;
 - ee) Can be left open with regard to the markets for component maintenance and spare parts for the purpose of this case.
4. The Advisory Committee agrees with the Commission that the proposed concentration raises **serious doubts** as to the concentration compatibility with the internal market or a substantial part thereof:
- a) on the market for AC power generators (and its possible subsegments);
 - b) with respect to the vertical relationship between, on the one hand, EECs, main fuel pumps and FMUs (engine controls), and on the other hand, small aircraft engines;
 - c) with respect to the vertical relationship between fuel nozzles and aircraft engines.
5. The Advisory Committee agrees with the Commission that the proposed concentration **would not significantly impede effective competition**
- a) with respect to the horizontally affected markets concerning EECs, main fuel pumps and FMUs;
 - b) with respect to the vertical relationship between fuel nozzles and APUs;
 - c) with respect to nacelle systems and engines;
 - d) with respect to the vertical relationship between AC power generation and distribution systems, and helicopters;
 - e) with respect to the markets for helicopter hoists and helicopters;
 - f) with respect to the vertical relationship between air data probes and helicopters;
 - g) with respect to the vertical relationship between ice detection systems and helicopters;

- h) with respect to the vertical relationship between EECs and pressure transducers;
 - i) with respect to the horizontally affected markets in aerospace flight control actuation;
 - j) with respect to the vertical relationship between THSA systems and mechanical sub-assemblies for THSA systems;
 - k) with respect to aircraft lighting
 - l) with respect to MRO services, spare parts and other inputs related to the provision of MRO services
6. The Advisory Committee agrees with the Commission that **the commitments are sufficient** to remove the concerns raised by the proposed concentration as to its compatibility with the internal market or a substantial part thereof:
- a) on the market for AC power generators (and its possible subsegments);
 - b) with respect to the vertical relationship between, on the one hand, EECs, main fuel pumps and FMUs, and on the other hand, small aircraft engines;
 - c) with respect to the vertical relationship between fuel nozzles and aircraft engines.
7. The Advisory Committee agrees with the Commission that, subject to full compliance with the commitments offered by the parties, and considered all commitments together, the proposed concentration **would not significantly impede effective competition** in the internal market or in a substantial part of thereof.
8. The Advisory Committee agrees with the Commission's view that the notified concentration **should be declared compatible** with the internal market and the EEA Agreement in accordance with Articles 2(2) and 8(2) of the Merger Regulation and Article 57 of the EEA Agreement.
9. The Advisory Committee asks the Commission to take into account all the other points raised during the discussion.
