

***Case No IV/M.1521 -
UBS / GROUPE
VALFOND***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 19/05/1999

*Also available in the CELEX database
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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 19.05.1999

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties:

Dear Sirs,

Subject: Case No IV/M. 1521 – UBS/VALFOND

Notification of 14.04.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 14.04.1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking Union Bank of Switzerland AG (UBS) acquires sole control of the Groupe Valfond (France).

I. THE PARTIES' ACTIVITIES AND THE OPERATION

2. The Group Valfond, which has its main manufacturing facilities in France and Germany, produces ferrous light alloy castings as well as undertaking machining activities. It supplies components to the automotive industry.
3. UBS is an international banking group. The principal activity of UBS is the provision of financial services. UBS controls Triplex Ltd (UK) and Peak Automotive Ltd (UK). Both companies are involved in the manufacture and supply of automotive components.
4. The concentration involves the acquisition by UBS of sole control of Groupe Valfond by way of acquisition of shares. The transaction involves a change of control, thus constituting a concentration within the meaning of Article 3(1) of the Merger Regulation

II. COMMUNITY DIMENSION

5. The UBS group and the Groupe Valfond have a combined aggregate worldwide turnover in excess of EUR 5,000 million (UBS group, EUR 15,591 million; and Groupe Valfond EUR 819 million). Each of them has a Community-wide turnover in excess of EUR 250 million (UBS group, EUR 1,084 million; and Groupe Valfond EUR 802 million), but they do not achieve more than two-thirds of their aggregate Community-wide turnover

within one and the same Member State. The notified operation therefore has a Community dimension within the meaning of Article 1(2) of the Merger Regulation.

III. COMPETITIVE ASSESSMENT

6. UBS, through its subsidiaries Triplex Ltd (UK) and Peak Automotive Ltd (UK), and Groupe Valfond are both active in the manufacture and supply of automotive components. The two UBS subsidiaries operate mainly in the UK while Valfond operates in several mainland European countries.

A. Relevant product market

7. The notifying party states that there are no relevant product markets, that is there are no markets in which both parties are active and where the concentration would lead to a combined share of 15% or more. The activities where there are overlaps are ferrous castings, light alloy castings and machining where the combined market shares after the concentration would be [between 0% and 10%] at EU level.
8. If specific products are considered there are “de minimis” overlaps for “exhaust manifolds” and “intake manifolds” and a small overlap in “turbochargers housings” albeit with a combined market share below 15% at EU level.
9. It is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market

10. The notifying party states that the markets for automotive components are European, if not world wide, as car manufacturers obtain their supplies from sources all over Europe and from further afield. In previous cases (most recently Case No. IV/M.1462 - TRW/LucasVarity, decision of 11.03.1999; Case No. IV/M1456 - DURA/ADWEST, decision of 10.03.1999) the Commission has already defined the geographical scope of the markets for car components as European-wide.
11. It is not necessary to further delineate the relevant geographic markets because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

12. The parties’ operations are to a certain extent complementary. In the areas where the parties activities overlap the shares of the EU market are below 15. In view of the market position of the parties to the concentration, it appears that the notified operation will not have a significant impact on competition in the EEA and the proposed concentration will not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

IV. ANCILLARY RESTRICTIONS

13. The notifying party has requested that non-competition clause contained in the Article V of the "Protocole d'Acquisition d'Actions" be considered as an ancillary restriction. This

clause provides that to ensure the transfer of the full value of the assets acquired including good will and know how, the vendor undertakes not to compete with the acquirer in the business transferred for a period of [between 1 and 5 years].

14. The Commission notice regarding restrictions ancillary to concentrations (Chapter III, letter A), provides that such a non competition clause may be considered as an ancillary restriction directly related to the concentration and necessary for its implementation. Therefore the clause is covered by the present decision.

V. CONCLUSION

15. For the above reasons, the Commission decides not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,