

***Case No COMP/M.1867 -  
VOLVO / TELIA /  
ERICSSON - WIRELESS  
CAR***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 27/03/2000

*Also available in the CELEX database  
Document No 300M1867*



## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 27.03.2000

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 COMP/M.1867 - VOLVO / TELIA / ERICSSON - WIRELESS CAR**

Notification of 24.02.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 24.02.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertakings Volvo Technology Transfer AB ("Volvo"), Telia AB ("Telia") and Telefonaktiebolaget LM Ericsson ("Ericsson") acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of WirelessCar ("WirelessCar") by way of purchase of shares in a newly created company constituting a joint venture.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

**I. THE PARTIES' ACTIVITIES AND THE OPERATION**

3. The Volvo group is active in respect of buses, trucks, construction equipment, marine and industrial engines and aircraft and space components. Telia provides fixed and mobile telecommunications services and related services. Ericsson produces and supplies telecommunications systems and other equipment. The joint venture will offer services on data exchange between a service provider and motor vehicles; customers will be vehicle manufacturers and fleet operators.
4. WirelessCar will be *jointly* controlled by Volvo, Ericsson and Telia. According to the shareholders agreement, decisions on budget, business plan and the appointment and the dismissal of the Managing Director must be taken unanimously. Furthermore, the joint venture will perform on a lasting basis all the functions of an autonomous economic entity and its

creation will not give rise to coordination of the competitive behaviour of the parties amongst themselves or between them and the joint venture.

## **II. COMMUNITY DIMENSION**

5. Volvo, Telia and Ericsson have a combined aggregate worldwide turnover in excess of EUR 5,000 million<sup>1</sup> (Volvo EUR 12.9 billion; Ericsson EUR 20.7 billion and Telia 5.7 billion). Each of them has a Community-wide turnover in excess of EUR 250 million (Volvo EUR 6.4 billion; Ericsson [...] and Telia, EUR 5.52 billion). But they do not achieve two-thirds of the aggregate Community-wide turnover within one and the same Member State (Sweden). The notified operation therefore has a Community dimension, but does not constitute a cooperation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

## **III. COMPETITIVE ASSESSMENT**

### **A. Relevant product market**

6. The notifying parties state that there is a relevant product market for **the following three service components which belong to the same market:**

(i) Mobile telecommunications services for telematics applications:

WirelessCar will resell mobile airtime to connect vehicles over mobile networks with the relevant telematics service providers. The parties state that this component of the market is different from mobile telecommunications services because telematics applications require an increased degree of reliability and security, in particular as regards messaging (machine to machine communications).

(ii) Integration of several Internet based services:

WirelessCar will offer services provided by third parties, which vehicle manufacturers can choose from and assist vehicle manufacturers in setting up their own systems. The envisaged services include vehicle software management, retrieval of Internet based information, infotainment and position enhanced information services.

(iii) Billing and subscriber administration

The joint venture will integrate billing information from various service providers and deliver the combined charging data to the vehicle manufacturers and fleet operators that offer the service.

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<sup>1</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

7. WirelessCar will not offer these services to the final consumer but only to vehicle manufacturers and fleet operators.
8. However, 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**

9. The notifying parties state that the relevant geographic market is at least EEA wide, if not global. In the absence of transport costs and legal barriers to trade the customers (car manufacturers) source their supplies globally. 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**

10. WirelessCar will be active on an emerging market on which neither the parties nor the joint venture actually have turnover. The parties estimate that the percentage of newly registered vehicles in Western Europe equipped with telematics services will grow [...]. WirelessCar will have competitors like General Motors/America Online, DaimlerChrysler/Deutsche Telekom or Vodafone Airtouch who formed joint ventures to offer similar services.
11. Foreclosure effects are not to be expected. Volvo is active on the downstream market of WirelessCar (buses and trucks), Telia on the upstream market (mobile telephony). The parties state that supply relationship of the joint venture with its parents will be on an arms-length basis. WirelessCar will seek to obtain services from other mobile telephony operators, probably one operator in each country or operators with networks covering several countries; it will offer its services also to other vehicle manufacturers, not only to Volvo. The parties state that the supply relationship between WirelessCar and its parents will be "de minimis".
12. In view of the market position it appears that the notified operation will have no significant impact on competition in the EEA. Consequently, the proposed concentration does 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. CONCLUSION**

13. For the above reasons, the Commission has decided 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,