

***Case No COMP/M.5048 -  
INGERSOLL RAND /  
TRANE***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

---

Article 6(1)(b) NON-OPPOSITION  
Date: 10/04/2008

***In electronic form on the EUR-Lex website under document  
number 32008M5048***



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10-IV-2008

SG-Greffe(2008) D/201726

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party**

Dear Sir/Madam,

**Subject: Case No COMP/M.5048 - Ingersoll Rand/ Trane  
Notification of 03/03/2008 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 03/03/2008, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004, by which the undertaking Ingersoll-Rand Company Limited ("Ingersoll-Rand", Bermuda) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Trane Inc. ("Trane", USA, and together with Ingersoll-Rand "the parties") by way of purchase of shares.

**I. THE PARTIES**

2. Ingersoll-Rand has activities in three core areas: (i) Its Climate Control Technologies business segment provides solutions for customers to transport, preserve, store and display temperature-sensitive products. (ii) Its Industrial Technologies business segment is focused on providing solutions to enhance customers' industrial and energy efficiency. It is active mainly in the design, manufacture, sale and service of compressed air systems and related tools, fluid and material handling and energy generation systems. (iii) Its Security Technologies business segment concerns the design, manufacture, sale and service of mechanical and electronic security products, mechanical locks, biometric access control systems, and security and scheduling software.

---

<sup>1</sup> OJ L 24, 29.1.2004 p. 1.

3. Trane provides air conditioning ("AC") equipment, systems, services and solutions for the commercial, residential, institutional and industrial AC industry. Trane is also active in the associated aftermarket services to the AC industry which include replacement parts and retrofit products, maintenance services for its own and other manufacturer's commercial products, and contracting services for the installation, upgrade, and replacement of commercial building AC systems featuring its products.

## **II. CONCENTRATION**

4. Ingersoll-Rand intends to acquire sole control over Trane. The planned transaction, therefore, constitutes a concentration within the meaning of Article 3(1)(b) of the Council Regulation.

## **III. COMMUNITY DIMENSION**

5. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5,000 million (Ingersoll-Rand: EUR 6,390 million, Trane: EUR 5,380 million) and the aggregate Community-wide turnover of each of at least two of the undertakings is more than EUR 250 million (Ingersoll-Rand: EUR [...] million, Trane: EUR [...] million). Neither Ingersoll-Rand nor Trane achieve more than 2/3 of their EU-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 EC Merger Regulation.

## **IV. COMPETITIVE ASSESSMENT**

6. The parties' activities do not overlap but there is a potential vertical issue concerning refrigerant compressors. Refrigerant compressors are used to raise pressure of a refrigerant gas within the process of temperature control. By regulation in a number of countries, the refrigerant gas can not be released into the atmosphere and therefore refrigerant compressors use a closed loop hermetically sealed system. Air compressors which are manufactured by Ingersoll-Rand cannot be used in temperature control units because the seals and compression ratio are significantly different in refrigerant applications.<sup>2</sup>
7. Ingersoll-Rand produces refrigeration equipment and AC systems for use in buses and trams in which refrigerant compressors are used. Trane sells such refrigerant compressors to third parties. Thus, a potential vertical relationship between Trane's compressor business and Ingersoll-Rand's activities cannot be excluded at first sight. However, Trane manufactures only a part of its compressor requirements, almost exclusively for in-house use and sells refrigerant compressors only to a very limited extent to third parties.

---

<sup>2</sup> M.1011 – Ingersoll-Rand / Thermo King paragraph 15, 16. This was confirmed by Trane's customers in this case.

## **1. RELEVANT PRODUCT MARKETS**

8. The Parties submit that refrigerant compressors used in Ingersoll-Rand's refrigeration equipment are distinct from compressors produced by Trane and that it is necessary to define separate product markets. Furthermore, they submit that Trane does not sell refrigerant compressors to OEMs implicitly suggesting a market definition according to customer groups.
9. However, the question if the market for refrigerant compressors has to be subdivided further according to application (e.g. refrigerant compressors used in refrigeration applications and refrigerant compressors used in AC applications) and customer groups (e.g. OEMs and third customers) can be left open for the purpose of this decision as even under the assumption of a broad market for refrigerant compressors which would be upstream to the markets where Ingersoll-Rand is active the transaction does not raise serious doubts as to its compatibility with the common market.

## **2. RELEVANT GEOGRAPHIC MARKETS**

10. The parties submit that the refrigerant compressor market is at least EEA-wide. This is in line with previous Commission decisions.<sup>3</sup> As to the refrigerant equipment and AC systems for use in buses and trams manufactured by Ingersoll-Rand, the question of the exact geographic market definition can be left open in this case as Trane has only minor activities on the (potential) upstream market for refrigerant compressors.

## **3. COMPETITIVE ASSESSMENT**

11. The only possible vertical link exists between a (potential) upstream market for refrigerant compressors under a broad market definition where Trane is active and (potential) downstream markets where Ingersoll-Rand is active and where refrigerant compressors are needed as a component. In particular, Ingersoll-Rand produces (i) AC systems for use in buses and trams, (ii) transport refrigeration equipment (equipment used to provide an environment that allows mainly food and beverages to be transported over long distances without losing their freshness), and (iii) commercial refrigeration equipment (equipment for retailers in the food and beverage sector that allows them to display refrigerated or frozen food products to their customers). However, Ingersoll-Rand's market shares both in AC systems for use in buses and trams and in commercial refrigeration equipment is with [0-10]% EEA-wide rather weak. Only in the potential market for transport refrigeration equipment it holds a market share of [40-50]% EEA-wide.
12. Trane's activities on the potential upstream market for refrigerant compressors are very limited, as Trane only sells compressors to third party dealers or end customers for purposes of repairing and maintaining its own AC systems but not to OEMs. Trane does not supply refrigerant compressors to Ingersoll-Rand at present. None of Trane's customers has expressed concerns about future input foreclosure. It can thus be concluded that the transaction does not raise serious doubts as to its compatibility with the common market.

---

<sup>3</sup> M.4271 – Daikin /OYL, paragraph 18.

## V. 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 (EC) No 139/2004.

For the Commission  
*(signed)*  
Neelie KROES  
Member of the Commission