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Mergers: Commission approves proposed acquisition of Siemens VDO by Continental

The European Commission has cleared under the EU Merger Regulation the proposed acquisition of Siemens VDO Automotive GmbH, the automotive business of Siemens, by Continental AG, both of Germany. After examining the operation, the Commission concluded that the transaction would not significantly impede effective competition in the European Economic Area (EEA) or any substantial part of it.

Continental and Siemens VDO are both suppliers to the automotive industry at the international level. Continental has activities in the areas of tyres, brake systems, car electronics, sensors and telematics and technical rubber products. Siemens VDO's activities are focused on the manufacture and supply of electronic and electro-mechanical components and systems, including brake systems and sensors.

The proposed transaction would combine the rather complementary products offered by Continental and Siemens VDO to original equipment manufacturers (OEMs) in the automotive sector and create a player with a broad product range, capable of competing with other strong players with comparable products, such as Bosch, Denso, Delphi and Magna. The combined Continental/Siemens VDO entity would become the number five globally in terms of turnover among suppliers to the motor industry behind Bosch, Denso, Delphi and Magna. At EEA level the combined entity would become a stronger competitor to Bosch the current market leader on many of the markets concerned.

Although in general the parties' product portfolios complement each other, there are overlaps on some specific product markets. The market investigation conducted in the affected upstream and downstream product markets revealed only limited potential competition concerns regarding certain specific markets for electronic control units (ECUs). However, these potential concerns were removed by evidence gathered during the detailed investigation of the specific conditions in the ECU markets concerned. In particular, the investigation revealed that sufficient supply alternatives would still remain, as well as potential new entrants concerning the markets for ECUs for motor management for diesel engines in heavy commercial vehicles, ECUs for air suspension systems and ECUs for electric parking brakes in the EEA.

More information on the case will be available at:
http://ec.europa.eu/comm/competition/mergers/cases/index/m97.html#m_4878