



OPINION

of the **ADVISORY COMMITTEE on CONCENTRATIONS**

given at its 148th meeting on 23 March 2007

concerning a draft decision relating to

Case COMP/M.4403– Thales/Finmeccanica/Alcatel Alenia Space/Telespazio

1. The Advisory Committee agrees with the Commission that the notified operation constitutes a concentration within the meaning of Article 3(1)(b) of the EC Merger Regulation and that it can be deemed to have a Community dimension pursuant to Article 1(2) of that Regulation.
2. The Advisory Committee agrees with the Commission that the relevant product markets can be characterised as follows:
 - a) Ground Segment:
 - Launchers,
 - Space transportation and infrastructure; and
 - Satellites.
 - b) Space Segment:
 - Launchers,
 - Space transportation and infrastructure; and
 - Satellites:
 - *Satellite prime contracting for institutional satellites;*
 - *Satellite prime contracting for military satellites;*
 - *Satellite prime contracting for commercial telecommunications satellites; and*
 - *Satellite subsystems and equipment for commercial telecommunications satellites;*

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- Travelling Wave Tubes (TWTs);
 - Electronic Power Conditioners (EPCs); and,
 - Travelling Wave Tube Amplifiers (TWTAs) (which includes Linearised TWTAs (LTWTAs), Channel Amplifier TWTAs (CTWTAs), and Linearised Channel Amplifier TWTAs (LCTWTAs)).
3. The Advisory Committee agrees with the Commission that the geographic scope of the relevant product markets is:
 - Worldwide for commercial telecommunications satellites and satellite subsystems;
 - European or national for European institutional satellites and satellite subsystems; and
 - National (where a national supplier exists) or worldwide for military satellites and satellite subsystems.
 4. The Advisory Committee agrees with the Commission's view (and subsequent approach to the analysis) that the issue raised by the proposed concentration is whether or not the merger will give the new entity:
 - the ability and incentive to engage in input foreclosure in identified markets; and,
 - whether such a course of action would significantly impede effective competition downstream.
 5. The Advisory Committee agrees with the Commission that the proposed concentration will not significantly impede effective competition on the market for **TWTAs**.
 6. The Advisory Committee agrees with the Commission that the proposed concentration will not significantly impede effective competition on the **market for satellite prime contracting for commercial telecommunications satellites**.
 7. The Advisory Committee agrees with the Commission that the notified concentration must be declared compatible with the common market and the functioning of the EEA Agreement pursuant to Article 8(1) of the EC Merger Regulation.
 8. The Advisory Committee asks the Commission to take into account all the other points raised during the discussion.

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E. ASARO	---	---	---	---
<u>MAGYARORSZÁG</u>	<u>MALTA</u>	<u>NEDERLAND</u>	<u>ÖSTERREICH</u>	<u>POLSKA</u>
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