

*Case No COMP/M.5733 -  
GESTAMP  
AUTOMOCION/ EDSCHA  
HINGE & CONTROL  
SYSTEMS*

Only the English text is available and authentic.

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

---

Article 6(1)(b) NON-OPPOSITION  
Date: 19/03/2010

*In electronic form on the EUR-Lex website under  
document number 32010M5733*



EUROPEAN COMMISSION

Brussels, 19.3.2010  
SG-Greffe(2010) D/3576  
C(2010)1932

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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.5733 – GESTAMP AUTOMOCION/ EDSCHA  
HINGE & CONTROL SYSTEMS  
Notification of 12/02/2010 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 12.02.2010, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (the Merger Regulation) by which the undertaking Gestamp Automoción, S.L. ('Gestamp', Spain) (belonging to Spanish Group Corporación Gestamp, S.L.) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of parts of the automotive hinge systems and foot control business unit of Edscha AG ('Edscha', Germany) by way of purchase of assets and shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the EC Merger Regulation and does not raise serious doubts as to its compatibility with the internal market and the EEA Agreement.

---

<sup>1</sup> OJ L 24, 29.1.2004 p. 1. With effect from 1 December 2009, Articles 81 and 82 of the EC Treaty have become Articles 101 and, 102, respectively, of the Treaty on the Functioning of the European Union ("TFEU"). The two sets of provisions are, in substance, identical. The TFEU introduced certain changes in terminology, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this Decision.

## **I. THE PARTIES AND THE OPERATION**

3. Gestamp is active worldwide mainly in three fields: (i) the supply of metal components, modules and systems for the automotive industry, (ii) steel service centres, and (iii) renewable energy. Gestamp's steel services activities are consolidated within Grupo Gonvarri ('Gonvarri').
4. The Edscha Group supplies hinge systems and convertible roof systems for the automotive manufacture and has sites worldwide. The Edscha Group is in insolvency.
5. On 26 October 2009, Edscha Holding GmbH and Gestamp Automocion S.L. concluded an agreement with the Insolvency Administrator for the assets of Edscha AG and its associated companies ('Edscha Group'). According to the agreement entered into by the Parties, Gestamp Automocion will take sole control of the hinge and control systems business unit of the Edscha Group ('Edscha Hinge & Control Systems')<sup>2</sup>.
6. Therefore the proposed transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **II. UNION DIMENSION**

7. The undertakings concerned have a combined aggregate turnover of more than 2.5 billion EUR (Corporacion Gestamp: EUR 3 859 million, Edscha Hinge & Control Systems: EUR 616 million). In at least three Member States (France, Germany and Spain), each of the parties has sales of more than EUR 25 million and their aggregate sales exceed EUR 100 million. The Parties do not each achieve more than two thirds of their Union-wide turnover in one and the same Member State.
8. The proposed transaction therefore has a Union dimension within the meaning of Article 1(3) of the Merger Regulation.

## **III. THE RELEVANT MARKETS**

9. The Parties are active in the manufacture and supply of a wide range of products. The activities of the Parties overlap with respect to foot controls for vehicles. Potential vertical links arise since Gestamp is active within flat-steel component and steel services, which are upstream to foot controls as well as automotive hinges and parking brake levers produced by Edscha.

### ***Relevant product markets***

---

- 2 The convertible roof systems business unit of Edscha has already been sold and transferred to Webasto AG. This transaction was cleared by the German Federal Cartel Office. Gestamp will acquire sole control of the remaining business by a mixture of asset deals and share deals via indirect put and call options. A final agreement has not yet been reached for Edscha's Spanish, Portuguese and French Entities ("South European Plants"). However, the transaction is not contingent on the inclusion of the South European Plants, and in any event the competitive assessment of the concentration would not be negatively affected in case the South European Plants were not to be part of the transaction.

### Foot controls

10. Foot controls consist of two or three pedals (brake and/or clutch and gas pedal) supported by a pedal box, which is mounted to the floor panel of the vehicle.
11. The Parties submit that although foot controls can vary in the refinement of their design and of the materials used on the outside, they basically represent the same type of product. The use of different types of raw materials can influence especially the weight and appearance of foot controls, but according to the Parties, the products remain interchangeable despite such possible differences.
12. The market investigation largely supported the Parties' view. Pedal boxes are widely seen as a single market, *i.e.* all (sub) components are seen as a whole product, and no differentiation as regards the material was considered relevant. However, for the purpose of the present case, the exact product market definition for foot controls can be left open as further distinctions would not affect the competitive assessment.

### Flat-steel components

13. According to the Parties, the relevant market for flat-steel components in the present case should be considered the market for flat-steel components for the coachwork and chassis of light passenger vehicles. These components include structural strengthening components, impact systems, dashboard crossmembers, axle and chassis components and systems and exterior skin panels for coachwork, including door, trunk and hood panels for motorcars. Also hinges, checks, foot controls and parking brake levers are at least partly made out of flat-rolled steel.
14. While each of the above mentioned products may not be interchangeable for the customers, the Parties submit that they belong to the same product market due to supply-side substitutability. According to the Parties (i) the products are produced by the same companies with very similar machinery and technologies, (ii) the characteristics of the products are the same, *i.e.* structural strength of the raw material and the product's design translating into lightness and stability of the product, (iii) the pricing of the products is the same – largely depending on the world price for the type of steel used and (iv) the products are sought after by the same sets of customers.
15. The market investigation did not provide a clear view on how to precisely define the market for flat-steel components. However, for the purpose of the present case, the exact market definition for flat steel components can be left open as a further segmentation of the market would not affect the competitive assessment.

### Steel services

16. Steel services comprise a variety of different processing works of steel in the aftermath of the production of steel in the form of coils in steel works. The services offered by Gonvarri range from slitting and blanking over galvanizing, degreasing and plastic coating to plasma cutting of steel. Gonvarri's customers include all steel consuming sectors, such as the automotive industry, appliances, metal furniture, pipe fitting, and other industries such as shipbuilding and construction.

17. The Parties submit that, for the purpose of the present case, it is unnecessary to consider possible distinctions within the overall market for steel services, as further segmentations of the market would not affect the competitive assessment.
18. The market investigation largely supports the Parties' view that regarding steel services, possible distinctions are not seen as necessary. For the purpose of the present case, the exact market definition can be left open as further segmentation of the market will not affect the competitive assessment.

#### Hinge systems

19. Hinge systems for the automotive industry cover door hinges, door checks and hinges with integrated door checks. Engine hood and hatch hinges, sliding door roller carriers and power lifts for tailgates or decklids are also part of the Edscha hinge business. Almost all hinges are made out of steel.
20. The Parties submit that although the different types of hinges are not interchangeable, separate markets should not be defined for each type of hinge. According to the Parties (i) the various hinges are all produced by the same set of companies and (ii) the customers are all the same OEMs.
21. The market investigation showed a tendency towards segmentation according to the respective application for hinges (front lid hinges, door hinges, rear lid hinges, door checks etc.), but for the purpose of the present case, the exact product market definition can be left open as further segmentation of the market will not affect the competitive assessment.

#### Parking brake levers

22. The parking brakes manufactured by Edscha are traditional hand or foot operated components. Electrified parking brakes are not part of the company's portfolio. The main material used to manufacture parking brakes is steel.
23. According to the Parties, all parking brakes basically represent the same type of product, although they can vary in refinement of their design and of the materials used on the outside. The use of different types of material can influence the weight and appearance, but the Parties submit that the different types of brakes are still interchangeable.
24. The market investigation shows that steel is still the most common raw material for parking brake levers, even though plastic (and also magnesium) becomes more and more important. Still most respondents see no reason to differentiate the market according to the material; the only segmentation considered was between hand or foot operated and electric parking brakes. For the purpose of the present case, the exact product market definition for parking brakes can be left open as further segmentation of the market will not affect the competitive assessment.

### **Relevant geographic market**

25. The Parties submit that the markets for foot controls, flat-rolled steel components, hinge systems and parking brake levers are all EEA-wide in scope. This is in line with previous Commission decisions regarding the manufacture and supply of components for the automotive industry.<sup>3</sup> With respect to steel services, the Parties submit that the market is EEA-wide in scope, as the customers are predominantly major companies who source their supplies at least on an EEA-wide scale.
26. The market investigation supported the Parties' view, as most respondents were in favour of an EEA-wide market as regards the different products. Nevertheless, the market investigation also showed a tendency towards wider markets (mostly because Asian suppliers become more and more important for EEA manufacturers). Some respondents even stated that suppliers sell their products worldwide (even though from their closest plant available, since transport costs and production cost differences are considered of importance).
27. For the purpose of the present case, the exact scope of the geographic markets can be left open as this will not affect the competitive assessment.

#### **IV. COMPETITIVE ASSESSMENT**

28. Although the Parties sell a wide range of products, there are only a limited number of product markets where the Parties' activities overlap or where vertical links could exist. According to the data submitted by the Parties, the respective market shares for these markets are:

---

<sup>3</sup> See for example Case No COMP/M.5570 – *Platinum Equity Group/Delphi Corporation*, Commission decision of 05.08.2009 and Case No COMP/M.5294 – *Schaeffler/Continental*, Commission decision of 19.12.2008.

Market shares, 2008	<b>Gestamp</b>	<b>Edscha</b>	<b>Combined</b>
<b>Steel services</b>	[0-5]%	-	[0-5]%
<b>Flat-rolled steel components</b>	[5-10]%	-	[5-10]%
<b>Foot controls</b>	[5-10]%	[10-20]%	[10-20]%
<b>Hinge systems</b>	-	[50-60]%	[50-60]%
<b>- door hinges</b>	-	[50-60]%	[50-60]%
<b>- front lid hinges</b>	-	[40-50]%	[40-50]%
<b>- rear lid hinges</b>	-	[40-50]%	[40-50]%
<b>- door checks</b>	-	[40-50]%	[40-50]%
<b>Parking brake levers</b>	-	[30-40]%	[30-40]%

***Horizontally affected market***

29. The only horizontal overlap between the activities of the Parties occurs in the market for foot controls. In this market, the Parties hold a combined market share of [10-20]% (Gestamp [5-10]%, Edscha [10-20]%).
30. Other competitors in the market for foot controls include VW Group ([10-20]% market share), CIMOS d.d. Automotive Industry ([10-20]% market share) and Brano a.s. ([5-10]% market share). These companies will be able to maintain a competitive pressure on the combined entity post-transaction.
31. The market investigation showed that most customers practice at least dual-sourcing which will also ensure a certain competitive pressure on the merged entity. Also, it was stated that customers themselves try to bring in new competitors constantly in order to maintain a certain competitive pressure on their suppliers. Many respondents also referred to new (and growing) supply from Asia. Most respondents considered the market for foot controls competitive.
32. Given the market share of the Parties, the presence of numerous competitors and that no concerns were raised during the course of the market investigation, the transaction does not raise serious doubts with respect to its compatibility with the common market and with the EEA-agreement even for the narrowest product or geographic market definitions in the market for foot controls.

### *Vertically affected markets*

33. The market for steel services is an upstream market to the markets for parts made of processed flat-rolled steel for the automotive industry. As hinges and checks, foot controls and parking brake levers are all made at least partly out of processed flat-rolled steel, these markets are vertically affected.

### Input foreclosure

34. In the upstream market for steel services, Gestamp (via Gonvarri) holds a market share of [0-5]%. If national markets were taken into consideration, the market share would not reach [20-30]% in any Member State.
35. Competitors on the market for steel services include large companies such as ArcelorMittal, Thyssen Krupp Stahl and Corus Group.
36. In the market for flat-rolled steel components for the coachwork and chassis of light passenger vehicles (structural body parts), Gestamp holds a market share of [5-10]% on an EEA-wide market. Even if the market was to be further segmented, the Parties submit that the market share would not exceed [10-20]% in any potential sub-segment. In addition, even if the market was considered national in scope, the Parties submit that the market share of Gestamp would not exceed [20-30]% in any Member State. The market investigation did not give rise to any concerns about the strength of the Parties in any particular Member States. The main competitors are large companies such as Volkswagen ([10-20]% market share), PSA Group ([10-20]% market share), Renault Group ([5-10]% market share) and Benteler AG ([5-10]% market share).
37. Based on Gonvarri's limited market shares upstream, the presence of numerous and strong alternative suppliers on the upstream market and the fact that no concerns were raised during the course of the market investigation, no risk of input foreclosure will arise as a consequence of the proposed transaction.

### Customer foreclosure

38. As mentioned, the Parties hold a combined market share of [10-20]% in the downstream market for foot controls. In the overall EEA-wide downstream market for hinge systems, Edscha has a market share of [50-60]%. In case of further segmentation of the market, the market share would be higher in the segment of door hinges ([50-60]%). The main competitors in the market for hinges are Multimatic Inc ([5-10]% market share), ISA Automotive GmbH ([5-10]% market share), Flex-n-Gate Corp. ([0-5]% market share) and Gammastamp SpA ([0-5]% market share). For parking brake levers, Edscha has a market share of [30-40]%<sup>4</sup> with the main competitors being Ficosa International S.A. ([10-20..]% market

---

<sup>4</sup> Although the market investigation showed estimates of Edscha's market shares being significantly lower, between 10% and 20%.



share), VW Group ([10-20]% market share), Dietz Automotive GmbH & Co. KG ([10-20]% market share) and CIMOS d.d. Automotive Industry ([5-10]% market share).

39. Although having significant downstream market shares, the Parties submit that Edscha is too small a customer for the upstream market for any customer foreclosure to result from the proposed transaction.<sup>5</sup> Edscha purchases steel from 20 different suppliers in the EEA, and the turnover made with Edscha therefore constitutes a minor part of the total turnover for each supplier. Even if Gonvarri was to supply Edscha with all its steel requirements, the supplies would represent a rise in Gonvarri's tonnage sold of only [0-5]%. What is more, Edscha needs only some special steel products (coil steel 4-8mm and stamped coil steel 4-8mm).
40. The market investigation largely supports the aforementioned arguments. The respondents did not see any market foreclosure threats, regardless of the exact definition of the relevant market. In general, most of the respondents declared that the proposed transaction would have no impact on their business and on the relevant markets either.
41. Based on the above, any risks of customer foreclosure resulting from the proposed transaction can be excluded.

## V. CONCLUSION

42. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the internal 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*)  
Joaquín ALMUNIA  
Vice-President of the Commission

---

<sup>5</sup> In the year July 2008 - June 2009, Edscha used approximately [50-55] tons of steel as a raw material for its product, constituting a purchasing value of EUR [35-40] millions.