

***Case No COMP/M.1775 -  
INGERSOLL-RAND /  
DRESSER-RAND /  
INGERSOLL-DRESSER  
PUMP***

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: 22/12/1999

*Also available in the CELEX database  
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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.12.1999  
SG (99) D/10763

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party

Dear Sirs,

**Subject: Case No COMP/M. 1775-Ingersoll-Rand/Dresser-Rand/Ingersoll-Dresser Pump**

Notification of 19.11.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 19.11.1999, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) N° 4064/89 by which the undertaking Ingersoll-Rand Company acquires within the meaning of Article 3(1)(b) of the Council Regulation single control of the undertakings Ingersoll-Dresser Pump Company and Dresser-Rand Company.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Council Regulation (EEC) N°4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

**I THE PARTIES**

3. Ingersoll-Rand Company (“Ingersoll-Rand”) is a US Based global company active in the manufacture and sale of non-electrical machinery and equipment. Main products are speciality vehicles, such as golf cars and industrial vehicles; construction and drilling equipment; air and temperature control products and systems; industrial tools and bearings and other engineered products.
4. Ingersoll-Dresser Pump Company (“IDP”) and Dresser-Rand Company (“D-R”) are two US based companies jointly controlled by Ingersoll-Rand and Dresser Industries, Inc.

(“Dresser”), in turn owned by Halliburton Company. The agreements governing the formation of IDP and D-R are largely identical and most of the board members of the former are also board members of the latter. IDP manufactures and sells industrial pumps for process, power generation and marine applications. D-R manufactures and sells process gas compressors and steam and gas turbines.

## **II THE OPERATION**

5. The operation involves the acquisition by Ingersoll-Rand of Dresser’s 51 % interest in IDP and 49 % interest in D-R., and will result in a change from joint to sole control of each of the companies. These acquisitions flow from provisions within the IDP and D-R partnership agreements exercised by the parties. More specifically Ingersoll-Rand gave notice to Halliburton by means of two “transfer notes” that it intended to sell its interest in both companies. As a result Halliburton could elect to purchase these interests or to require Ingersoll-Rand to purchase its own interests in the companies. Halliburton elected to do the latter by means of the correspondent “response notices”. Both the two “transfer” and the two “response” notices were issued, respectively, on the same date for both target companies and the completion of the transactions is also scheduled on a date identical for both.

## **III THE CONCENTRATION**

6. Concerning the legal nature of these two operations, the acquisition by Ingersoll-Rand of direct sole control over the whole of the companies IDP and D-R implies a change from joint to sole control in those companies, and therefore it constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.
7. The two transactions at stake in the present case constitute one single operation in the sense of the Merger Regulation. Both of them will take place simultaneously between the same parties and will lead to sole control in behalf of Ingersoll-Rand over IDP and D-R. Indeed, Ingersoll-Rand will acquire all of Dresser’s shares in these companies and will therefore be their exclusive shareholder.

## **IV COMMUNITY DIMENSION**

8. The undertakings concerned together have a combined aggregate world-wide turnover of more than Euro 5 billion ( €7,396 millions for Ingersoll-Rand and €[1,900-2,000] millions for IDP and D-R together) each of the undertakings concerned have a community-wide turnover in excess of Euro 250 million ( €[1,250-1,350] millions for Ingersoll-Rand and €[250-300] for IDP and D-R together), but they do not achieve more than two-thirds of their aggregate community-wide turnover within one and the same Member State. the notified operation therefore has a community dimension.

## **V COMPETITIVE ASSESSMENT**

### ***The Relevant Product Markets***

9. The parties submit that there are two relevant product markets to be considered in this case, namely industrial *pumps* and *compressors*. There are different categories of pumps ( being the main ones centrifugal and positive displacement pumps) and some categories of compressors (the two broad ones are gas and air compressors). The market investigation undertaken by the Commission in this case tends to confirm the

existence of differences among the different categories of both products. However the product market definition can be left open in this case as no competition problem will arise from this operation in any of the alternative markets considered for each product.

### ***The relevant geographic market***

10. The parties claim that the geographic dimension of the market for the products markets above identified is at least EEA for different reasons. The market research undertaken by the Commission seems to confirm this view.

### ***Assessment***

11. The present assessment has to take into account the fact that, before the operation, Ingersoll-Rand already had joint control over the two targets. However, it is not necessary to further examine the precise consequences of this change in the type of control because even if Ingersoll had acquired control *ex novo* over the two targets, the operation would not have led to competition concerns.

### ***Pumps***

12. IDP manufactures mainly centrifugal pumps ( roughly [90-100] % of its total pumps production) while positive displacement pumps (reciprocating and rotary type) only represent a minimum quantity. Ingersoll-Rand, through its subsidiary Aro Fluid Division (Aro), produces mainly pumps of the positive displacement category (diaphragm pumps, reciprocating and magnetic-drive pumps) as well as single-piston reciprocating pumps.
13. In the overall market for all pumps, IDP and Aro would hold a combined market share of [0-5] % in the EEA ( [0-5] % for IDP and [0-5] % for Aro). According to the parties information their combined position in the centrifugal segment would be practically the same as that of IDP taken alone, namely [0-5] %, while in the positive displacement segment their combined share would be [0-5] % ([0-5] % for IDP and [0-5] % for Aro).

### ***Compressors***

14. Ingersoll-Rand produces air compressors and D-R only gas compressors for the following areas of application: oil & gas exploration and production; gas transmission and distribution; and chemical processes.
15. The combined market shares of Ingersoll-Rand and D-R in the overall market of compressors is estimated to be [10-20] % ([0-10] % for Ingersoll-Rand and [0-10] % for D-R). D-R is only active in the Gas compressors segment with a [10-20] % market share, while other types of compressors sales are negligible. On the other hand Ingersoll-Rand produces only air compressors with a market share of [10-20] %.

## **VII CONCLUSION**

16. In view of the above findings, the Commission has come to the conclusion that the proposed operation 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.

17. 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) N°4064/89 and of Article 57 of the EEA Agreement.

For the Commission,

Signed by  
Mario MONTI  
Member of the Commission