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*Case No IV/M.178 -  
SAAB ERICSSON  
SPACE*

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**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 13.01.1992

*Also available in the CELEX database  
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MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

PUBLIC VERSION

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To the notifying parties

Dear Sirs,

Subject: Case No. IV/M178 - Saab Ericsson Space  
Notification of 29.11.1991 pursuant to Art. 4 of  
Council Regulation No. 4064/89

I. The Agreement

Saab-Scania Combitech AB and Ericsson Radar Electronics AB have notified under the Merger Regulation the proposed creation of a joint venture in the area of electronic space equipment. Saab Space AB, a 100% subsidiary of Saab-Scania Combitech, will acquire from Ericsson Radar Electronics all assets and liabilities relating to the latter's space business. Ericsson Radar Electronics will acquire from Saab-Scania Combitech a shareholding of 40% in Saab Space which will be renamed Saab Ericsson Space AB.

II. The Parties

Saab-Scania Combitech belongs to the Swedish Saab-Scania group, the main activities of which are trucks and buses, cars, commercial and military aircraft, electronic systems for defence and industry and space technology. Ericsson Radar Electronics belongs to the Swedish Ericsson group the main activities of which are public and private telecommunication equipment, electronic components and defence systems.

III. Concentration

The proposed JV will constitute a concentrative JV within the meaning of Article 3(2) subparagraph 2 of the Merger Regulation.

Although Ericsson Radar Electronics will only hold a stake of 40% in Saab Ericsson Space, the JV will be jointly controlled by its parents since in particular its business plan and any significant changes thereto require the unanimous approval of the two parent companies. The business plan of the JV comprises several strategic decisions determining its market behaviour such as the quantitative and qualitative objectives, the strategy for achieving the objectives, the measures to transform the strategy into concrete plans of actions, including the price policy and investment activities, and the financial plans.

The JV will be a full function company and be run as a financially independent company. The creation of the JV will not lead to coordination of the competitive behaviour of independent companies since

- the Saab-Scania group and the Ericsson group will pool all of their space activities in the JV and withdraw on a lasting basis from the JV's market;
- there are no appreciable spill-over effects given the different remaining activities of Saab-Scania and Ericsson. Although both groups are active in the electronic industry and the defence sector, their respective businesses are related to different parts of these sectors. The only substantial link between the activities of both groups is the project of the Swedish combat aircraft JAS 39 Gripen. Whilst the Saab Aircraft Division is the system leader of this project, Ericsson is responsible for the radar and display systems.

#### IV. Community Dimension

For the 1990 financial year the combined turnover of the Saab-Scania group and the Ericsson group was ECU 10.2 billion. The Community-wide turnover of each of both groups exceeded ECU 250 million. The parties did not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. Thus, the operation has a Community dimension within the meaning of Article 1(2) of the Merger Regulation.

#### V. Assessment

The products of Saab Space AB and Ericsson Radar Electronics in the area of electronic space equipment are complementary. Saab Space supplies the following products: onboard space computers, data handling systems, separation systems and guidance systems. Ericsson Radar Electronics supplies the following products: microwave equipment and microwave antennas.

The joint venture will achieve on the basis of the current sales of its parents in the space equipment sector a turnover of about ECU 30 million. This represents a share of about 2% of the overall European market for electronic space equipment. Even on the basis of the narrowest conceivable definition of the relevant product markets, i.e. a separate market for each of the affected products, the JV would have a market share of less than 5% in Europe for each of the products. The main competitors in these markets have a considerably higher market share and are large aerospace companies such as DASA, Alenia, British Aerospace and Matra-Marconi.

The proposed concentration does not lead, therefore, to the creation or strengthening of a dominant position.

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For the above reasons the Commission has decided not to oppose the notified concentration and to declare it compatible with the common market. This decision is adopted in application of Article 6(1)(b) of Council Regulation No. 4064/89.

For the Commission,