

***Case No COMP/M.1870 -  
ZF / BREMBO / DFI***

Only the English text is available and authentic.

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

---

Article 6(1)(b) NON-OPPOSITION  
Date: 07/03/2000

*Also available in the CELEX database  
Document No 300M1870*



## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 07.03.2000

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

Dear Sirs,

**Subject: Case No COMP/M.1870-ZF/Brembo/DFI**

Notification of 04.02.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 04.02.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89<sup>1</sup> by which Dean Fragale Investments (Pty) Ltd. ("DFI"), ZF Friedrichshafen AG ("ZF") and Brembo S.p.A. ("Brembo") acquire within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Auto Industrial Brake and Chassis Investment Holdings (Pty) Ltd. ("AIBC") by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of the Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.
3. **I. THE PARTIES AND THE OPERATION**
4. The operation consists of the creation of a joint venture AIBC for the manufacture of motor vehicle components. AIBC will consist of the businesses currently constituting the 'AI Group', currently owned by DFI, which has an EEA turnover of less than EURO 0.2 million, and the assets of which are all situated in South Africa and other African states ; the components produced by AI are used almost exclusively for the manufacture of vehicles within South Africa, because South African manufacturers of such components do not meet world-class standards of international OEM markets. The parents of the joint venture will be DFI, the current South African owner of AI, ZF of

---

<sup>1</sup> OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

Germany, and Brembo of Italy. Both ZF and Brembo are manufacturers of motor vehicle components.

## **II. CONCENTRATION**

5. The joint venture will be full-function, carrying out the manufacturing operations currently performed by AI, and will be jointly controlled by ZF, Brembo and DFI, each of which will hold one third of the shares and voting rights.

## **III. COMMUNITY DIMENSION**

6. ZF, Brembo and DFI have a combined aggregate worldwide turnover of more than EUR 2500 million<sup>2</sup>. In each of at least three Member States the combined aggregate turnover of ZF, Brembo and DFI is more than EUR 100 million, and in each of at least three of these aforementioned Member States the aggregate turnover each of ZF and Brembo is more than EUR 25 million. The aggregate Community-wide turnover of each of ZF and Brembo is more than EUR 100 million. It is not the case that more than two thirds of the aggregate EU-wide turnover of each of ZF, Brembo and DFI was achieved within one and the same Member State. The notified operation therefore has a Community dimension. It does not constitute a cooperation case under the EEA agreement.

## **IV. COMPETITIVE ASSESSMENT**

7. The joint venture AIBC will be active in the area of wheel end corner modules and chassis technology parts. Such wheel end corner modules comprise brake discs, brake drums, hubs and knuckles. The chassis technology product range consists of ball joints, tie rods, linkages and control arms. As stated above AIBC will consist of the businesses currently constituting the AI Group, and these businesses will continue to export only minor quantities of products, in particular hubs, links, and brake drums, to the EEA. AIBC's turnover will be primarily in Africa. Moreover, ZF is active in chassis technology but not hubs or brake components, whereas the opposite is true for Brembo.

Conclusion: Since AIBC will not be active to any significant extent in the EEA, the creation of the joint venture will have no impact on the competitive structure of EEA markets for the relevant products.

## **V. CONCLUSION**

8. 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) No 4064/89.

For the Commission,  
Mario Monti, Member of the Commission

---

<sup>2</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.