

***Case No COMP/M.2230 -
SANMINA / SIEMENS /
INBOARD
LEITERPLATTENTECH
NOLOGIE***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 21/12/2000

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EUROPEAN COMMISSION

Competition DG

Merger Task Force
Operating Unit IV

Brussels, 21.12.2000

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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. 2230 Sanmina/Siemens/Inboard Leiterplattentechnologie

Notification of 21 November 2000 pursuant to Article 4 of Council Regulation No 4064/89

On 21 November 2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking Sanmina Corporation ("Sanmina") acquire(s) within the meaning of Article 3(1)(b) of the Council Regulation joint control of the undertaking Inboard Leiterplattentechnologie GmbH & Co. KG ("Inboard") which currently belongs to Siemens AG, ("Siemens").

1. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

I. THE PARTIES' ACTIVITIES AND THE OPERATION

2. Sanmina Corporation ("Sanmina") is a US company that provides customised integrated electronic manufacturing services (EMS) to original equipment manufacturers (OEM) in the electronics industry.
3. Inboard Leiterplattentechnologie GmbH & Co. KG ("Inboard Leiterplattentechnologie") is a subsidiary of the German company Siemens AG ("Siemens"). The company manufactures complex printed circuit boards (PCBs) for variety of applications. Some 90 % of the production is currently sold to Siemens group companies. Siemens is active in electrical engineering and electronics.

4. Sanmina will acquire a 49.9 % stake of Inboard. The remaining 50.1 % will be retained by Siemens. After implementation of the transaction, Sanmina and Siemens will jointly control Inboard.

II. COMMUNITY DIMENSION

5. Undertakings Sanmina and Siemens have a combined aggregate world-wide turnover in excess of EUR 5,000 million¹ (Sanmina, [...] million; Siemens [...] million). Each of them has a Community-wide turnover in excess of EUR 250 million (Sanmina [...] million; Siemens [...] million), 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, but does not constitute a co-operation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

III. COMPETITIVE ASSESSMENT

A. Relevant product market

6. The notifying parties state that there is a relevant product market for manufacturing of printed circuit boards (“PCBs”). PCBs are a platform on which various electronic components, such as integrated circuits (“IC”), capacitors, microprocessors and resistors are mounted. The PCB assemblies are key elements of many types of electronic products such as computers, telecommunications equipment or automotive products.
7. In previous cases² concerning PCBs, the Commission has left open the question whether or not PCBs form a single product market or whether one has to distinguish between the different types of PCBs (1-4 layer PCBs, multi-layer (>6) PCBs, paper & composite PCBs, flexible circuits, silicon platforms and microvia multi-layer PCBs).
8. According to the parties, a further segmentation into SIMOV PCBs (manufactured by Inboard) and Buried Capacitance (“BC”) PCBs (manufactured by Sanmina) would not be realistic, since these could easily be substituted by conventional multilayer PCBs. This has been confirmed by the market test.
9. However, it is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market(s)

10. The notifying parties state that the relevant geographic market is at least the EU. This has been confirmed by the market test which showed that the relevant geographic market appears to be at least EEA-wide if not world-wide.

¹ 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.

² Commission decisions in Cases No COMP/M.1968 – Solectron/Nortel, No COMP/M.1849 – Solectron/Ericsson Switches and No IV/M.1382 – Tyco/AMP.

11. It is not necessary to further delineate the relevant geographic markets because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

12. The activities of the parties overlap in the manufacturing of PCBs. Both parties are manufacturing 1-4 layer PCBs, multilayer PCBs and multilayer microvias.
13. On an EEA-wide overall PCB market the combined market share of the parties is [$<10\%$] ([...] % Sanmina, [...] % Inboard). On the narrower EEA-wide market for 1-4 layer PCBs the combined market share is less than one per cent, while the combined market share on the EEA-wide market for multilayer PCBs is [5-15 %] (Sanmina [...] %, Inboard [...] %). The largest addition of market shares is in the EEA-wide market for multilayer microvias with a combined market share of [10-20] % ([...]).
14. In view of the market position of the parties to the concentration, it appears that the notified operation will have no impact on competition in the EEA. Consequently, the proposed concentration 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.

IV. ANCILLARY RESTRICTIONS

15. In the joint venture agreement Siemens has accepted a three-year non-competition clause in the field of PCB manufacturing for third party customers. Given that Inboard sells some [...] of its production to Siemens group companies, this clause ensures that the customer relationship between Inboard and Siemens remains in force during this transitional period. [...].
16. The non-compete clause is of the type envisaged as ancillary by paragraph III.A.1 of the Commission notice on ancillary restrictions. It has the normal scope for cases involving the acquisition of joint control of a business.

V. CONCLUSION

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) No 4064/89.

For the Commission,