

***Case No COMP/M.2815 -
SANMINA-SCI /
HEWLETT PACKARD***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 28/05/2002

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.05.2002

SG (2002) /D 229981

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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.2815 – SANMINA-SCI/HEWLETT-PACKARD

Notification of 19 April 2002 pursuant to Article 4 of Council Regulation No 4064/89

1. On 19 April 2002, the Commission received a notification of a proposed concentration by which the undertaking Sanmina-SCI Corporation (Sanmina-SCI) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the manufacturing operations and certain liabilities currently undertaken by Hewlett-Packard France (“HP France”) at its plant in the Isle d’Abeau (the “Assembly Business”) by way of purchase of assets.
2. 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

3. The business activities of the undertakings concerned are :
 - for undertaking Sanmina-SCI: provider of electronics manufacturing services (“EMS”)
 - for undertaking Assembly Business: assembling personal computers and servers.

II. COMMUNITY DIMENSION

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

III. COMPETITIVE ASSESSMENT

A. Relevant product and geographic markets

5. The sector which is interested by the transaction is that for EMS to OEMs. The parties have provided information both on the general market for EMS sales to OEMs and the much narrower market for the provision of EMS by and to OEMs in the computer sector (which includes personal computers and servers, among other products). However, it is not necessary to further delineate the relevant product markets or the relevant geographic 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. Assessment

EMS sales

6. The parties combined market share in the EEA market, without captive production by OEMs, is approximately [10-20]% ([...] % the Assembly Business + [...] % Sanmina-SCI). If captive production were taken into account this market share would be much lower given the presence of large OEMs with significant captive production.

Computer Sector

7. The parties combined market share in the EEA market, without taking captive production into account and excluding supply by third party OEMs, is approximately [10-20]%. If captive production and supply by third party OEMs were to be included the combined market share would be only about [0-10] %.
8. It is to be borne in mind that there are a number of strong competitors providing EMS to OEMs in relation to the computer sector, such as Solectron, Flextronics, Celestica and Jabil. Moreover, as regards outsourcing, the OEMs tend to work with several EMS providers in parallel on the basis of project contracts which are of a short term (6-9 months) and which usually can be terminated on relatively short notice. These factors will represent significant competitive constraints for the new entity.

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.

9. In view of the market position of the parties to the concentration, it appears that the notified operation will have *de minimis* 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. **CONCLUSION**

10. 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

(signed)
Mario MONTI
Member of the Commission