

***Case No COMP/M.4161 -  
SEI / VWBN***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

---

Article 6(1)(b) NON-OPPOSITION  
Date: 30/03/2006

***In electronic form on the EUR-Lex website under document  
number 32006M4161***



## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30/03/2006

SG-Greffe(2006) D/201423

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**Subject: Case No COMP/M.4161 - SEI/VWBN  
Notification of 24/02/2006 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 24/02/2006, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which Sumitomo Electric Industries Ltd ("SEI", Japan), acquires within the meaning of Article 3(1)(b) of the Council Regulation control of Volkswagen Bordnetze GmbH ("VWBN", Germany) 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 Council Regulation (EEC) No 139/2004 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

### **I. THE PARTIES**

3. VWBN is a manufacturer of wire harnesses, that is, electronic-electrical distribution systems (EEDS) for the automotive industry. SEI is a manufacturer of optical fibres, electronic devices and automotive parts. SEI is, inter alia, a supplier of EEDS in Asia, and wishes to expand its presence in Europe. SEI believes that the acquisition of VWBN is important in order to be able to compete on an increasingly globalised automotive industry which SEI considers to be characterised by high cost pressure and high bargaining power of carmakers.

---

<sup>1</sup> OJ L 24, 29.1.2004 p. 1.

## **II. CONCENTRATION**

4. Post transaction SEI will control VWBN through ownership of a majority of the voting shares. This acquisition of control constitutes a concentration within the meaning of Article 3(1) of the Merger Regulation.

## **III. COMMUNITY DIMENSION**

5. In view of the worldwide and Community turnover figures of SEI and VWBN the concentration has a Community dimension pursuant to Article 1(2) of the Merger Regulation.

## **IV. THE RELEVANT MARKETS**

6. The parties' activities overlap in the market for EEDS. The parties propose that the relevant product market is the overall market for EEDS, particularly in view of supply-side substitutability. Further segmentation into electrical distribution systems and electronic distribution systems is possible, but need not be further examined, as whatever the market definition no competition problems arise (see below).
7. In numerous previous decisions, the Commission has consistently held that the geographic market for automotive components in the car manufacturing market is at least EEA-wide, and in many cases is probably global. This conclusion was based on the multinational presence of all major competitors, and the existence of EEA-wide technical standards in relation to the relevant component markets under examination, such that no technical barriers to EEA-wide trade were present.<sup>2</sup>

## **V. ASSESSMENT**

8. SEI and VWBN together would account for just about [10-20%] of the total EEA EEDS market. The increment brought about by the acquisition is minor: VWBN would only add [5-15%] to SEI's [5-15%]. If the market were further segmented, there would be a combined market share of [10-20%] in each of the electrical and electronic segments.
9. The parties would continue to face competition from the market leader in the EEA, Delphi [20-30%], and other strong competitors such as Valeo [10-20%] and Yazaki [10-20%].
10. Furthermore, the Commission has acknowledged the strong buying power of car manufacturers in previous decisions.<sup>3</sup>
11. The concentration should moreover have a positive effect on the competitive structures in the EEDS market because, as a result of the transaction, the existing links between VWBN and Volkswagen will be severed, and the EEDS production facilities purchased

---

<sup>2</sup> See e.g. Case IV/M.872 *TRW/Magna*; Case IV/M.937 *Lear/Keiper*; Case IV/M.1196 *Johnson Controls/Becker*; Case IV/M.1189 *Teksid/Norsk Hydro*; Case IV/M.1207 *Dana/Ecklin*; Case IV/M.1587 *Dana/GKN*; Case COMP/M.2901 *Magna/Donnelly*.

<sup>3</sup> See for example Case No COMP/M.3789 *Johnson Controls/Robert Bosch/Delphi SLI*.

by SEI will be available to supply other motor vehicle manufacturers as well as Volkswagen.

## **VI CONCLUSION**

12. 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 139/2004.

For the Commission  
Signed  
Markos KYPRIANOU  
Member of the Commission