

EN

***Case No IV/M.536 -  
TORRINGTON / NSK***

Only the English text is available and authentic.

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

---

Article 6(1)(b) NON-OPPOSITION  
Date: 28/03/1995

*Also available in the CELEX database  
Document No 395M0536*



EUROPEAN COMMISSION

Brussels, 28.03.1995

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

**Subject :**     **Case No IV/M.536 -TORRINGTON/NSK**  
                  **Notification of 27.02.1995 pursuant to Article 4 of Council Regulation**  
                  **No 4064/89**

1. The above mentioned notification concerns the creation of a joint venture between Torrington UK Limited (Torrington), a wholly-owned subsidiary of the Ingersoll Rand Company (Ingersoll), and NSK Bearings Europe Limited (NSK Europe), a wholly-owned subsidiary of NSK Limited (NSK). The new company which will be called NASTECH EUROPE LTD (Nastech) will be active in the manufacturing and sales of steering column systems for installation in passenger cars and light commercial vehicles.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation No. 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

#### **I. THE PARTIES**

3. Torrington is a UK-based company which develops, manufactures, distributes and sells steering column systems as well as anti-friction bearings. This last activity is not contributed to the joint venture.

4. NSK Europe is a UK-based company which develops, manufactures, distributes and sells steering column systems. It is also active in the ball and roller bearings business. This last activity is not contributed to the joint venture.

## **II. THE OPERATION**

5. Torrington and NSK Europe intend to establish a joint venture that will research, design, develop, manufacture, sell and distribute steering column systems for use in passenger vehicles and light commercial vehicles.

The parties will transfer to Nastech all of their European interest in the field of steering column systems. Torrington's steering column system assets are currently owned by AS Parts Limited, a wholly-owned subsidiary of Ingersoll-Rand. These assets will be contributed to Nastech by AS Parts Limited.

## **III. CONCENTRATION**

6. The joint venture will be of unlimited duration and will be jointly controlled. Nastech will be owned equally by Torrington and NSK Europe. Nastech will be managed by a Board of Directors composed of six members, two appointed by Torrington, two appointed by NSK Europe. The remaining two directors will be appointed by majority vote of the Board and will be initially the Managing Director (appointed by Torrington) and the Deputy Managing Director (appointed by NSK). As far as decisions of fundamental importance are concerned, the consent of a majority of directors will be necessary. The decisions refer in particular to the approval of the annual business plan or annual budget.
7. The joint venture will be a full function company. Torrington and NSK Europe will contribute to the venture all the assets necessary to research and develop, manufacture and sell complete steering column systems. Their respective employees will be also transferred to the venture. Torrington and NSK Europe will, for the duration of the venture, grant Nastech [...] <sup>(1)</sup> licenses to relevant intellectual property. Moreover, intellectual property developed within the venture will become the venture's property. Torrington and NSK Europe will for the lifetime of the venture, each lease to the venture the land and buildings associated with their respective steering column systems operations. Any services provided by either NSK or Torrington at the request of the venture will be provided on an arm's length basis.
8. No risk of coordination of the competitive behaviour of the parent companies is expected on the basis of the following elements. Torrington's and NSK's existing European-based steering column system businesses are concentrated in the venture. Neither Torrington nor NSK will remain in the affected market, the geographic market being defined as Western European (as explained below). Besides, Torrington and NSK formed a joint venture in 1988. This company is active in the field of steering column systems in the United States of America, which constitutes a separate geographic market. NSK will continue to

---

<sup>(1)</sup> Deleted; business secret.

manufacture steering columns in Japan. Any steering columns manufactured by NSK in Japan that are subsequently imported into Europe will be marketed through the venture.

9. Outside the venture, Torrington and NSK will each continue to manufacture and sell bearings, the only component of a system which remains outside Nastech. NSK will be active in the ball and roller bearings and Torrington in a wide range of bearings, including ball, roller and needle bearings. Bearings are used in a variety of engineered products. Amongst others, bearings are installed in steering column systems and they account for approximately 2-5% of a steering column system's total manufacturing costs, the percentage depending on the type of system. Taking into account the structure of the market, especially the broad range of end uses for bearings, the variety of customers of bearings (the steering column system producer being only one of them), and the low value of bearings in a steering column system's total manufacturing costs, there is no appreciable risk of coordination between the parent companies. Moreover, the venture will be free to source bearings from any manufacturer on the market.
10. Nastech will be therefore a concentration within the meaning of Article 3 of Council Regulation No. 4064/89.

#### **IV. COMMUNITY DIMENSION**

11. The combined world-wide turnover of Ingersoll and NSK exceeds ECU 5 billion and they have each EC-wide turnovers in excess of ECU 250 million. Neither Ingersoll nor NSK have more than two-thirds of their respective EC turnovers in one and the same Member State.

#### **V. MARKET DEFINITION**

##### **A) RELEVANT PRODUCT MARKET**

12. The product market here involved is the market for steering column systems, installed in passenger cars and light commercial vehicles. The steering column is the link between the steering wheel and the vehicle wheels and allows drivers to direct their vehicle in the desired direction. Torrington and NSK manufacture several variants of the same basic steering column system: rigid steering column, telescopic steering column, tilt and telescopic steering column, neck tilt steering column. All of these types of steering column are generally required to absorb energy upon vehicle impact. They are also all designed for use with an air bag. These variants, in view of the fact that they satisfy similar needs, are considered to form part of the same product market.
13. Steering column systems can be sold as a complete system or as subassemblies or as components which will be purchased either by the assembler of the steering column or directly by the automotive manufacturer. It is not necessary to decide whether these different segments of the steering column systems business constitute different product markets or one single market as claimed by the notifying parties because in this particular case, it does not change the Commission's assessment as far as dominance is concerned.

## B) GEOGRAPHIC MARKET

14. The geographical dimension of this market is Western-Europe. There are no barriers to cross-border trade such as local brand names, governmental regulations. The average transport costs across Europe are estimated by the parties to represent only around 3% of sales value. All competitors are active in most Member States where a car industry exists.
15. The geographic dimension of the market remains essentially western-european and cannot be enlarged up to now. The level of imports are estimated to represent approximately 10% of total western european sales of steering column systems. This situation can be explained by the EC tariffs imposed on steering column systems which are currently set at 6,9%, by the level of transportation costs for exports outside Europe which amount approximately to 10%, by the presence within the territory of many western european producers.

## VI. ASSESSMENT

16. On the basis of the above-mentioned market definition, e.g. the Western European market for the production and sales of steering column systems for passenger cars and light commercial vehicles, the addition of market shares between the notifying parties will not exceed 20% after completion of the operation (in 1994, the market shares in terms of volumes were the following: Torrington: [...] <sup>(1)</sup>; NSK Europe: [...] <sup>(2)</sup>; Total: [...] <sup>(1)</sup>).
17. Strong competitors are active in this market with higher market shares than those of the expected joint venture: NACAM [...] <sup>(1)</sup>, ECIA [...] <sup>(1)</sup>, SAG [...] <sup>(1)</sup>.  
The parties' main customers are strong car manufacturers: Nissan and Toyota for NSK Europe and Ford and Rover for Torrington.  
Lastly, it should be taken into account for the assessment that half of the needs for steering column systems is satisfied by in-house supplies.
18. As far as components are concerned, Torrington, carrying out [...] <sup>(1)</sup> of its total turnover in component sales, has an estimated market share in Western Europe of approximately [...] <sup>(3)</sup>, NSK, of which the sales of components only represent [...] <sup>(7)</sup> of its total turnover, has an estimated market share in Western Europe of approximately [...] <sup>(4)</sup>. The main competitors in the production and sale of complete systems such as NACAM or ECIA, are also active in the component or subassembly segments.

---

(2) Less than 10%.

(3) Less than 20%.

(4) 25%-30%.

(5) 20%-25%.

(6) 15%-20%.

(7) Deleted; business secret.

(8) Less than 5%.

19. The operation will not therefore lead to the creation of a dominant position in the Western market for the production and sale of steering column systems for passenger cars and light commercial vehicles.

## **VII. CONCLUSION**

20. 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 functioning of the EEA agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation No 4064/89.

For the Commission,