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*Case No IV/M.577 - GE
/ Power Controls BV*

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 28/04/1995

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.04.1995

MERGER PROCEDURE
ARTICLE 6(1)b DECISION

PUBLIC VERSION

To the notifying party

Dear Sirs,

Subject: Case No. IV/M.577 - GE/POWER CONTROLS B.V.

Notification of 27th March 1995 pursuant to Article 4 of Council Regulation No 4064/89.

1. On 27th March 1995 GENERAL ELECTRIC (GE) notified the acquisition of POWER CONTROLS B.V. (PC) 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 4064/89 and does not raise serious doubts as to its compatibility with the common market.

I. THE PARTIES

3. GENERAL ELECTRIC (GE) is a US company active in 12 industrial business including electrical household appliances, aircraft engines, capital services, lighting products, plastic products, electrical distribution and control products and others.

POWER CONTROLS B.V. (PC) is a Dutch holding company active in the manufacturing of low voltage electrical equipment for residential, industrial and commercial use.

II. THE OPERATION

4. The proposed operation consists in the acquisition by GE of sole control on PC by way of purchase of shares. Hitherto PC has been jointly controlled by GE and GENERAL ELECTRIC COMPANY P.L.C. (GEC), a U.K. corporation active in a number of sectors such as power systems, telecommunications [...] ¹ and electronic components among many others.

Under the proposed operation PC becomes a wholly-owned subsidiary of GE, consequently the operation results in a change from joint control to sole control. After the operation, all shares of PC and its subsidiaries will be owned by GE either directly or through a wholly-owned affiliate company of GE.

III. CONCENTRATION

5. The operation constitutes a concentration within the meaning of article 3(1) (b) of the merger regulation. It consists in the passage from joint control to sole control over PC, which subsequently ceases to be a joint venture.

IV. COMMUNITY DIMENSION

6. The combined worldwide turnover of the parties exceeds 5,000 million ECU ([...] GE and [...] PC) ². The aggregate Community wide turnover of each party exceeds 250 million ECU (more than [...] GE and [...] PC) ³. They do not achieve more than two-thirds of their turnover in one and the same Member State. The operation has therefore a Community dimension.

V. THE RELEVANT MARKETS

7. According to the notifying party the low voltage electrical equipment sector could be divided in 5 different market segments. It specified that to be significant, a company has to compete in all the 5 segments:

- Wiring Devices (residential, industrial and commercial): Household and industrial switches, plugs, sockets, connectors, boxes, trunking systems and other installation material.

- Modular protective devices (residential and industrial breakers, distribution boards and consumers units): these are used for the distribution of electricity and for the protection of line and people for low current, including five categories (codes IEC 947-2, IEC 899, IEC 1008 and 1008i, IEC 1009 and IEN 6 1009 and distribution boards and consumer units).

- Industrial and commercial electrical distribution components (breakers and switches) including three categories (code IEC 947-2 air circuit breakers, molded case circuit breakers and fuse switches)

¹ bussinesses secret deleted

² Bussinesses secret deleted

³ Bussinesses secret deleted

- Industrial and commercial controls: products used for command and control and protection against overload of motors and other electrical apparatus and products for controlling, switching and signalling electrical circuits, including four categories (codes IEC 974-4, IEC 947-5, IEC 947-2/4 and IEC 1131-1)

- Other equipment: Industrial, commercial and utility power centers (switchboards) and motor control centers (MCC).

8. The Commission's "NC" (Combined Nomenclature) classification provides a different split-up of the products concerned:

- 8536 (electrical equipment for switching or protecting electrical circuits, or for making connections to or in electrical circuits for a voltage not exceeding 1000 V)

- 8537 (boards, panels, etc. for electrical control or the distribution of electricity)

and, for higher voltage products,

- 8535 (electrical equipment for switching or protecting electrical circuits, or for making connections to or in electrical circuits for a voltage exceeding 1000 V).

9. The notifying party considered the geographical market as essentially European due to the continuing standardization of specifications for low voltage products and to other factors such as the existence of the same competitors in the different Member States.

10. In any event, the precise product and geographic market definition can be left open, as the competition analysis is unaltered even if the narrower market definition is used.

VI. ASSESSMENT

11. The operation consists in the passing from joint to sole control of GE on PC, it will thus not result in any addition of market share. Moreover, although PC was subject to joint control prior to the operation, GE appointed the executives in charge of the day to day commercial management of PC.

Prior to the operation, the activities of the GE group in the low voltage equipment sector in Europe were carried out through PC. GE was also marginally active, through another subsidiary GE-Fanuck, in the automation sector with a market share at EU level of around [...] ⁴. GE-Fanuck manufactures some products which belongs to PC's activity and were as such sold through PC [...] ⁵. This will remain unchanged after the operation.

12. The GE group is overall a relatively small player in this sector in Europe as PC's market share (including sales of GE-Fanuck's products by PC) is estimated around [...] ⁶ at EU level and, with one exception, does not exceed [...] ⁷ at Member State

⁴ Bussinesses secret deleted. Between 1 and 10 %.

⁵ Bussinesses secret deleted.

⁶ Bussinesses secret deleted. Between 1 and 10 %.

level, in any of the five segments identified by the parties which constitute the narrowest market definition. The only Member State in which PC enjoys a more significant market share is Belgium where the operation will not result in any market share accrual in favour of GE. In addition, GE will have to face stronger competitors at EU as well as Member State level such as Schneider ([...] estimated EU market share), Siemens ([...]), ABB ([...]) and Legrand ([...]).⁸

It results that the operation will not create or strengthen a dominant position neither in the Common Market nor in a substantial part of it.

VII. CONCLUSION

13. In view of the nature of the operation, the relatively modest market shares of GE, and the existence of strong competitors, 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,

⁷ Bussinesses secret deleted. Between 1 and 10 %.

⁸ Bussinesses secret deleted. All figures between 10 to 35 %.