

***Case No COMP/M.5799 -
FAURECIA/ PLASTAL***

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

Article 6(1)(b) NON-OPPOSITION
Date: 24/03/2010

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EUROPEAN COMMISSION

Brussels, 24/03/2010

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PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.5799 – FAURECIA/ PLASTAL
Notification of 17.02.2010 pursuant to Article 4 of Council Regulation
No 139/2004¹**

I. INTRODUCTION

1. On 17 February 2010, the Commission received a notification of a proposed concentration by which the undertaking Faurecia Exteriors GmbH (Germany), a subsidiary of Faurecia S.A. ("Faurecia", France) controlled by PSA Peugeot Citroën SA ("PSA", France), acquires within the meaning of Article 3(1)(b) of the EC Merger Regulation sole control of the whole of the undertaking Plastal GmbH ("Plastal", Germany) by way of purchase of Plastal's business and assets. Faurecia and Plastal are jointly referred to as "the parties".

II. THE PARTIES

2. Faurecia, a French company, is a global supplier of automotive equipment, in particular vehicle seating, interiors, front ends and exhaust systems. It is controlled by the car manufacturer PSA.

¹ OJ L 24, 29.1.2004 p. 1. With effect from 1 December 2009, Articles 81 and 82 of the EC Treaty have become Articles 101 and, 102, respectively, of the Treaty on the Functioning of the European Union ("TFEU"). The two sets of provisions are, in substance, identical. The TFEU introduced certain changes in terminology, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this Decision.

3. Plastal, which has 6 plants in Germany, is part of the Plastal Group active in the engineering, production and supply of thermoplastic engineered plastic components for the automotive industry, in particular of bumpers and front-end carriers. Plastal is currently in insolvency procedure. Other parts of the Plastal Group are not part of the transaction.

III. CONCENTRATION

4. On 3 February 2010, Faurecia entered into an agreement with the insolvency administrator of Plastal to acquire its business and all operating assets. Hence, the proposed transaction constitutes a concentration within the meaning of Art. 3(1)(b) EC Merger Regulation.

IV. UNION DIMENSION

5. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion² (Faurecia: EUR 12.0 billion, Plastal: EUR [...]). The Union-wide turnover of each undertaking concerned is more than EUR 250 million (Faurecia: EUR [...], Plastal: EUR [...]). Faurecia and Plastal do not achieve more than two-thirds of their Union-wide turnover within one and the same Member State. The notified operation therefore has a Union dimension (Art. 1 (2) EC Merger Regulation).

V. COMPETITIVE ASSESSMENT

1. Relevant product markets

6. Faurecia and Plastal are both suppliers of components for light vehicles³, including passenger cars and light utility vehicles to original equipment manufacturers (OEMs) and original equipment service (OES) businesses. Neither party is active in the markets for replacement parts sold to the independent aftermarkets. Only Plastal maintains a minor activity in the markets for heavy vehicle equipment.
7. With regard to car components, a distinction can be made between systems and components for light vehicles on the one hand and systems and components for heavy vehicles on the other hand.⁴ Furthermore, the markets for automotive components are to be further divided into products for OEMs including products for the OES businesses, and replacement parts sold to the independent aftermarket (IAM).⁵
8. The parties have suggested a further segmentation between modules and components. According to them, a module in the automotive sector could be defined as composition of a number of already preassembled components which are delivered to the OEM as one single unit. The interest to supply complete modules rather than single components seems to have increased over the last ten years due to the OEMs' strong interest in

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation.

³ The exact market definition and the question of a potential subdivision into car categories according to size, price and/or the commercial use, does not need to be answered here, as the transaction does not raise competition problems under any possible market segmentation. For comparison see decisions COMP M.416 – BMW/Rover; COMP/M.1847 – GM/Saab; COMP/M.2832 – General Motors/Daewoo; COMP/M.3352 – VW/Hahn + Lang and COMP/M.5250 – Porsche/Volkswagen.

⁴ See, e.g., Case COMP/M.4456, Mahle/Dana EPG.

⁵ See, e.g., Case COMP/M.3789, Johnson Controls/Robert Bosch/Delphi SLI.

weight and quality improvements, in reduction of the complexity of the components and of the assembly process as well as in reducing diversification. The market investigation has however confirmed that OEMs not only source modules but source as well individual components separately. With regard to the proposed transaction, the parties submit that a distinction could be made between front-end modules⁶, door modules⁷ and cockpit modules⁸.

9. Bumpers and front-end carriers form part of front-end modules. Bumpers, which are made of plastic materials, are designed to allow the car to sustain an impact without damage to the vehicle's frame or safety systems and usually include, as components, bumper energy absorbers, radiator grilles, fog lamps and parking assistance sensors. Front-end carriers are the underlying structure for the whole front-end module and are made of thermoplastic material, composites or metal/plastic hybrids.
10. Not all suppliers of automotive components offer complete (front-end) modules. Among the parties, only Faurecia produces front end modules. Furthermore, according to the replies from customers and competitors in the market investigation conducted by the Commission, bumpers and front end carriers form part of separate product markets, rather than being part of a broader front end module market.
11. Instrument panels, in turn, form part of cockpit modules. An instrument panel is the part of the interior of a vehicle extended from door to door and located directly in front of the driver, which contains the primary gauges and controls for operating the vehicle⁹. Instrument panels are usually made of injection-moulded thermoplastics.
12. For the assessment of this case, it is not necessary to conclude on the exact product market definition for the above mentioned vehicle modules and components, since, irrespective of the product market definition followed, the concentration does not raise serious doubts as to its compatibility with the internal market.

2. Relevant geographic markets

13. In line with the Commission's decisions¹⁰ in past cases concerning the markets for automotive components, the parties submit that the geographic scope of all possible product markets is at least EEA-wide.
14. Essentially all OEMs and the customers of the parties concerned are large corporations, which do business worldwide and maintain a large number of production plants all over the world. If an OEM decides to produce a new vehicle model, such OEM usually asks suppliers to participate in a tender for the respective automotive components on a

⁶ A pre-assembled combination of components such as lamps, fans and bumper systems which is fastened on the front of the chassis of the vehicle.

⁷ A combination of a door panel and a door trim and several mechanical components such as locks, window-lifts, plus electric and or electronic functions and connectivity.

⁸ A combination made out of a dashboard and a number of sub-modules like wiring and electronic devices, instruments, car audio and information/communication and heating and climate systems.

⁹ See Case COMP/M.1563 – Ford/Plastic Omnium.

¹⁰ COMP/M.1380 – Siebe/BTR; COMP/M.4043 – Plastal/Dynamit Nobel Kunststoff; COMP/M.4239 – Plastic Omnium /Inopart.

worldwide basis. OEMs prefer however a production of components at a location nearby the vehicle production plant(s) to ensure that there is a steady flow of components to be delivered to the production site. OEMs usually expect in such case that the supplier builds up a production site, if no facility already exists for the required component.

15. Respondents within the market investigation have largely confirmed that the geographic scope for the automotive component markets and in particular bumpers, front end carriers and instrument panels is EEA-wide, although some respondents consider these markets to be worldwide. Thus, the relevant geographic scope for the automotive components considered in the present transaction is considered to be at least EEA-wide.

3. Competitive assessment

3.1 Horizontal effects

16. The horizontal overlaps between the parties only relate to components for light vehicles sold to OEMs/OES businesses. Since Plastal does not offer any modules at all, the proposed transaction will not lead to horizontal overlaps in potential markets for front-end modules, door modules and/or cockpit modules. At an EEA level, the proposed transaction leads to horizontally affected markets in (i) bumpers, (ii) front end carriers and (iii) instrument panels. The transaction would not lead to affected markets worldwide.
17. For **bumpers**, the parties had a combined share (in value) in 2009 on an EEA-wide non-captive (i.e. open) market (excluding thus the sales of Faurecia to PSA) of [10-20]%. Including sales of Faurecia to PSA, the parties' combined share would increase to [20-30]%. The merged entity would face competition in particular by Plastic Omnium ([10-20]%), Magna ([10-20]%) and Peguform ([10-20]%).

	Market shares (by value) 2009
Faurecia	[0-5]%
Plastal	[10-20]%
<i>Combined</i>	<i>[10-20]%</i>
Plastic Omnium	[10-20]%
Magna	[10-20]%
Peguform	[10-20]%
Rehau	[10-20]%

18. For **front-end carriers**, the parties had a combined share (in value) in 2009 on an EEA-wide non-captive market (excluding thus the sales of Faurecia to PSA) of [20-30]%. Including sales of Faurecia to PSA, the parties' combined share would increase to [20-30]%. The merged entity would face competition in particular by Plastic Omnium/Inoplast ([10-20]%), Expert ([5-10]%) and FPK/Aksys ([5-10]%).

	Market shares (by value) 2009
Faurecia	[10-20]%

Plastal	[5-10]%
Combined	[20-30]%
Plastic Omnium/Inoplast	[10-20]%
Expert	[5-10]%
FPK/Aksys	[5-10]%

19. For **instrument panels**, the parties had a combined share (in value) in 2009 on an EEA-wide non-captive market (excluding thus the sales of Faurecia to PSA) of [20-30]%. Including sales of Faurecia to PSA, the parties' combined share would increase to [30-40]%. The increment is below [0-5]%. The merged entity would still face competition by a number of competitors, among others by Visteon ([10-20]%), Johnson Control ([5-10]%), IAC ([5-10]%) and Intier ([5-10]%).

	Market shares (by value) 2009
Faurecia	[20-30]%
Plastal	[0-5]%
Combined	[20-30]%
Visteon	[10-20]%
Johnson Control	[5-10]%
IAC	[5-10]%
Intier	[5-10]%
Cerberus	[5-10]%
Cadence	[0-5]%

20. According to the parties, Faurecia and Plastal face strong actual competition for all the above-mentioned markets by the other established players. Moreover, they point to the fact that some OEMs still maintain in-house production and development capabilities and the countervailing buyer power exerted by the OEMs.
21. The market investigation carried out by the Commission has confirmed that the parties are not each other's closest competitors for bumpers, front end carriers and instrument panels. The respondents have identified other companies as the respective closest competitors of the parties: Plastic Omnium, Peguform, Magna and Rehau in bumpers, HBPO, FPK, Magna and Plastic Omnium in front end carriers, and IAC, Johnson Control, Peguform and Visteon in instrument panels.
22. Considering, furthermore, the presence of strong actual competition, the market share levels achieved by the parties in the product markets reported above will not raise competition concerns. The market investigation has confirmed that the competitive structure will not be significantly altered by this transaction. Moreover, no competitor or customer has raised any specific concerns with regard to the proposed transaction.

3.2 Vertical effects

23. On the basis of a national segmentation of the markets for the manufacture and supply of passenger cars, and according to the figures provided by the parties, the share of PSA – Faurecia's parent company – does not exceed 25% on any national market except for France, where in 2009, PSA had a market share for light vehicles of [30-40]%. It shall be observed, however, that PSA and Faurecia were already integrated in respect of the affected markets.

24. The increase in market shares upstream in the respective horizontal affected markets will not lead to any anti-competitive vertical effects. Even assuming that PSA would decide only to source from the merged entity, rival upstream suppliers of bumpers, front end carriers and instrument panels would have a sufficiently large customer base both on an (at least) EEA-wide market and in France. Therefore, it is unlikely that customer foreclosure will result from the proposed transaction. Similarly, given the existence of strong and numerous competitors to the parties in the markets for car components, no risks of input foreclosure are raised by the merger.
25. In light of the above, it is concluded that the transaction does not raise concerns in any market for the production of bumpers, front ends carriers and instrument panels for light vehicles sold to OEMs/OES businesses.

VI. CONCLUSION

26. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EC) No 139/2004.

For the Commission
(*signed*)
Joaquín ALMUNIA
Vice-President of the Commission