

EN

***Case No COMP/M.6003 -  
RENCO GROUP / BODY  
SYSTEMS***

Only the English text is available and authentic.

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

---

Article 6(1)(b) NON-OPPOSITION  
Date: 30/11/2010

***In electronic form on the EUR-Lex website under document  
number 32010M6003***



EUROPEAN COMMISSION

Brussels, 30.11.2010

SG-Greffe(2010) D/19026  
C(2010) 8716

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party**

Dear Sir/Madam,

**Subject: Case No COMP/M.6003 - RENCO GROUP / BODY SYSTEMS  
Notification of 22.10.2010 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

**I. INTRODUCTION**

1. On 22 October 2010, the Commission received a notification of a proposed concentration pursuant to Article 4 and following a referral pursuant to Article 4(5) of the Merger Regulation by which Renco Group acquires within the meaning of Article 3(1)(b) thereof sole control of the whole of the undertaking Body Systems Holdings Netherlands BV by way of purchase of shares. Renco Group and Body Systems are jointly referred to as "the parties".

**II. THE PARTIES**

2. Renco Group ("RG") is a US based, private holding company that makes long-term investments in companies across a range of industries. RG currently has long-term interests in leading companies active in markets such as mining, mineral recovery and metals production. RG is active in the manufacturing and supply of automotive components through its wholly-owned subsidiary Inteva Products LLC ("Inteva"). Inteva manufactures and supplies automotive interior systems, cockpits, latches and

---

<sup>1</sup> OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, 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.

closure systems, door modules and window regulators. Inteva's activities in the EEA are limited to the supply to original equipment manufacturers (OEMs) and original equipment service (OES) of door modules for heavy vehicles and latches for light vehicles in [...].

3. Body Systems Holdings Netherlands BV ("BSH"), is a global Dutch company active in manufacturing and supply of vehicle components such as integrated sunroof and door systems to OEM and OES businesses for use mainly in light vehicles. BSH is a division of ArvinMeritor Inc, a US-based, global manufacturer of automotive components for light service vehicles, trucks and trailers.

### **III. OPERATION**

4. As a result of the transaction, RG will acquire indirect control over the BSH business of ArvinMeritor via its wholly-owned subsidiary 81 Acquisition LLC ("81 Acquisition"). 81 Acquisition was set up for the specific purpose of making the acquisition of BSH from ArvinMeritor.
5. Under the current terms of the Purchase and Sale Agreement, signed on 3 August 2010, 81 Acquisition will acquire the entire issued share capital of BSH, which comprises the entire target business.

### **III. CONCENTRATION**

6. The proposed transaction is an acquisition of sole control over the whole of BSH by RG and therefore a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

### **IV. EU DIMENSION**

7. The concentration did not have a Union dimension within the meaning of Article 1(2) of the Merger Regulation. The aggregate worldwide turnover of all the undertakings concerned is more than EUR 5 000 million<sup>2</sup> (RG: EUR [...], BSH: EUR [...]). However, only one of the undertakings concerned has an aggregate Union-wide turnover of more than EUR 250 million (RG: EUR [...], BSH: EUR [...]). Also, the concentration does not meet the thresholds laid down in Article 1(3) of the Merger Regulation.
8. However, by way of a reasoned submission of 17 September 2010, the parties informed the Commission that the concentration was capable of being reviewed under the national competition laws of at least three Member States, namely the Czech Republic, Germany, Poland, Portugal, Slovakia and Spain. None of the Member States concerned objected to the case being referred to the Commission within the 15 working days period laid down by the Merger Regulation. Consequently, the notified operation is deemed to have a Union dimension pursuant to Article 4(5) of the Merger Regulation.

---

<sup>2</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

## V. COMPETITIVE ASSESSMENT

### 1. Relevant product markets

9. With regard to car components, the Commission has established in previous cases a distinction between systems and components for light vehicles, on the one hand, and systems and components for heavy vehicles, on the other hand.<sup>3</sup> Furthermore, the markets for automotive components were further divided into products for OEMs, including products for the OES businesses, and replacement parts sold to the independent aftermarket (IAM).<sup>4</sup>
10. RG and BSH are both suppliers of components to OEM and OES customers for incorporation in motor vehicles. In the EEA, RG, through its subsidiary Inteva, manufactures and supplies door modules/window regulators for incorporation in heavy vehicles, and latches for incorporation in light vehicles<sup>5</sup>. BSH manufactures and supplies integrated sunroof and door systems for incorporation in light vehicles.<sup>6</sup> Neither RG nor BSH supply IAM customers.
  - (a) *Door modules/window regulators*
    11. A door module is an assembly of components that operates the door's electronic and mechanical functionalities. It is composed of a metal or plastic carrier substrate to which a variety of subassemblies can be mounted such as latches, window regulators, motors, speakers, wiring harnesses and switches and which will then be assembled into the front and rear doors of vehicles. The window regulators include both manual and electronic window lift assemblies for front and rear door applications in vehicles. Window regulators are typically associated with specific customer programs, which will require options for manual and electric operation.
    12. The parties believe that it is not appropriate to draw a distinction between door modules and window regulators or to further sub-segment them according to their components. They further consider that door modules/window regulators for light and for heavy vehicles might constitute separate product markets.
    13. The results of the market investigation are inconclusive as to whether door modules and window regulators belong to the same product market. The responses highlight that a door module incorporates a higher content than a window regulator and that the window regulator often comes integrated as part of the door module. The decision to source both products jointly or separately would largely depend on the specific strategy of the OEM.

---

<sup>3</sup> See, e.g., Case COMP/M.4456, Mahle/Dana EPG.

<sup>4</sup> See, e.g., Case COMP/M.3789, Johnson Controls/Robert Bosch/Delphi SLI.

<sup>5</sup> Outside of the EEA, TRG through Inteva supplies very limited quantities of door modules / window regulators for incorporation in light vehicles and latches for incorporation in heavy vehicles.

<sup>6</sup> BSH supplies a very limited number of door modules / window regulators for incorporation in heavy vehicles in the US.

14. As to the possible further division between light and heavy vehicles, the market investigation revealed that the majority of market players consider that door modules/window regulators for heavy and light vehicles may constitute a single product market since the above mentioned products require similar specifications, technologies and manufacturing processes irrespectively of whether they are used in heavy or light vehicles.
15. However, for the assessment of this case, it is not necessary to conclude on the exact product market definition for door modules and window regulators, since, irrespectively of the product market delineation followed, the concentration does not raise serious doubts as to its compatibility with the internal market.

(b) *Latches*

16. A latch is a complex, safety-critical assembly consisting of approximately fifty key components including precision stampings and mouldings, springs and actuators (both motorised and manual). It is used to secure automotive side doors, sliding doors, tailgates, boot lids and bonnets.
17. The parties consider latches for light vehicles and for heavy vehicles to be separate product markets. They also consider that all the different types of latches that are used in the manufacturing of a vehicle are part of the same product market.
18. The results of the market investigation suggest that latches for heavy and for light vehicles do not constitute separate product markets. The results are not clear as to whether latches should be considered as a part of door modules or rather as a separate product market.
19. However, for the assessment of this case, the concrete market definition can be left open as the transaction does not raise competition concerns even under the narrowest market definition for latches.

(c) *Motors and related electronics*

20. Electric motors for windows regulate the movement of the window and can range from low cost to advanced, including control modules that allow one-touch and anti-pinch operations, or express movement and short drop capabilities. All electronic window lift assemblies require an electric motor.
21. The parties consider that it is possible that the market for motors is wider than just motors for windows, and should include e.g. motors for sunroofs, fans, sliding doors and power tailgates supplied to automotive OEM and OES. The parties submit that the narrowest possible market is that for window motors for use in heavy and light vehicles.
22. The results of the market investigation did not provide a clear answer to whether window motors do constitute a separate market or whether they should be considered part of a wider market for motors.
23. However, for the purpose of the present case, the exact market definition for motors can be left open as the notified transaction does not raise serious doubts as to its compatibility with the internal market under any alternative product market definition.

## 2. Relevant geographical markets

24. In line with the Commission's previous decisions in past cases concerning the markets for automotive components<sup>7</sup>, the parties submit that the geographic scope of all possible products markets is at least EEA-wide.
25. The Commission's market investigation confirmed the view that the geographic scope for all the potential product markets concerned are at least EEA-wide.
26. Consequently, the relevant geographic scope for the concerned automotive components is considered to be at least EEA-wide.

## 3. Effects of the transaction

### 3.1. *Horizontal effects*

27. On an EEA-wide level, the proposed transaction leads to affected markets in door modules/window regulators and in latches.
28. For door modules/window regulators supplied for use in light and heavy vehicles, the parties had a combined EEA-wide market share (by volume) of [20-30]% (with an increment of [0-5]%) in 2009. The merged entity would face competition in particular by Brose, Lames and Grupo Antolin.

### **EEA-wide market share (by volume) in door modules/window regulators for light and heavy vehicles in 2009**

<b>Company</b>	<b>Market share</b>
Inteva	[0-5]%
Body Systems	[20-30]%
<b>Combined</b>	<b>[20-30]%</b>
Brose	[30-40]%
Lames	[5-10]%
Grupo Antolin	[5-10]%

29. If separate markets were to be considered for modules/window regulators supplied for use in light vehicles and for modules/window regulators supplied for use in heavy vehicles, the transaction will not bring about any overlap. In effect, in the EEA, BSH only supplies modules/window regulators for light vehicles, while Inteva supplies exclusively modules/window regulators for heavy vehicles. Similarly, the transaction

---

<sup>7</sup> For example, Case M.5799 - Faurecia/Plastal; Case M.4239 - Plastic Omnium/Inopart; Case M.4043 - Plastal/Dynamit.

would bring about no overlap between the parties in a narrower market for windows regulators, in so far as only BSH supplies window regulators separately from door modules in the EEA. Finally, the parties' market shares worldwide in the above described product market(s) would be relatively low, namely below [5-10]% in volume under any possible market delineation.

30. For latches supplied for use in light vehicles, the parties had a combined EEA-wide market share (by volume) of [20-30]% (with an increment of [5-10]%) in 2009. The merged entity would face competition in particular by Brose, Kiekert, Valeo, Magna, and Aisin.

**EEA-wide market share (by volume) in latches for light vehicles in 2009**

Company	Market share
Inteva	[5-10]%
Body Systems	[20-30]%
<b>Combined</b>	<b>[20-30]%</b>
Kiekert	[30-40]%
Magna	[5-10]%
Valeo	[10-20]%
Brose	[5-10]%
Aisin	[5-10]%

31. The parties' market share would be lower in a wider market for latches supplied for use in light and heavy vehicles, since neither Inteva nor BSH supply latches for heavy vehicles in the EEA. Finally, the parties combined market share in a potential worldwide market for latches supplied for use in light vehicles would be below [10-20]%.
32. The parties notably stress that they face strong actual competition by the other established players in the horizontally affected market(s). In addition, they claim countervailing buyer power from the OEM customers.
33. The market investigation revealed that the parties are not perceived as each other closest competitor and that they face strong actual competition in the market(s) concerned. Moreover, several market actors underline the possible entry of cost competitive manufacturers from Asia, although the market for latches shows relatively high barriers to entry. Besides, the market investigation confirmed that car manufacturers benefit from multi-sourcing. Car manufacturers award contracts in tenders for specific models and platforms for an average duration of the whole vehicle life (5-6 years). According to the market investigation, there are no significant switching costs and car manufacturers would indeed switch suppliers if a supplier tried to increase prices. According to the results of the market investigation, car manufacturers also attempt to ensure that they have several alternative sources of supply and that they are not dependent upon any single equipment manufacturer. Moreover, customers and competitors did not raise substantiated concerns about the transaction.

### 3.2. *Vertical effects*

34. The proposed transaction results in a vertically affected market between window motors and door modules/window regulators. BSH is active in the supply of window motors for use in heavy and light vehicles, an area of activity which is upstream to the supply of door modules/window regulators for heavy vehicles in which Inteva is active. In 2009, BSH had an EEA-wide market share (in volume) of [20-30]% in the supply of window motors and related electronics for heavy and light vehicles while Inteva had an estimated EEA-wide market share (in volume) of [30-40]% in the supply of door modules/window regulators for use in heavy vehicles; Inteva's share in a wider market for the supply of door modules/window regulators for use in light and heavy vehicles in the EEA would be of around [0-5]%. The parties signalled that BSH does not supply Inteva with window motors for incorporation into its door modules nor does it supply any other window motors for use in heavy vehicles in the EEA.
35. It is unlikely that, as a result of the proposed transaction, Inteva's competitors in the market for supply of door modules/window regulators for use in heavy vehicles may be subject to input foreclosure since a number of alternative suppliers exist in the markets for window motors and related electronics (e.g. Brose, Bosch, Denso, Johnson Electric, Mitsuba). As to the potential of competitors of BSH to experience customer foreclosure as a result of the transaction, it is unlikely since Inteva represents only a small proportion of the purchases of window motors for heavy and light vehicles in the EEA. Consequently, rival suppliers of window motors will continue to have a sufficiently large customer base on an EEA level. Furthermore, none of the competitors or customers in the market investigation has raised any specific concerns with regard to a possible risk of market foreclosure caused by the proposed transaction. Moreover, considering a potential narrower market definition encompassing the manufacture and supply of window motors to heavy vehicles only, the transaction would not lead to a vertical relationship since prior to the transaction BSH did not supply motors for use in heavy vehicles and Inteva did not supply door modules for light vehicles.
36. In light of the above elements, it is concluded that the transaction does not raise competition concerns in the markets for the manufacture and supply of door modules/window regulators, latches and window motors.

## VI. CONCLUSION

37. 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 the Merger Regulation.

For the European Commission,

*(signed)*

Joaquín ALMUNIA  
Vice-President of the European  
Commission