

Case No COMP/M.6537 - FAURECIA/ PLASTAL

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

Article 6(1)(b) NON-OPPOSITION
Date: 23/07/2012

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EUROPEAN COMMISSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying parties:

Dear Sir/Madam,

**Subject: Case No COMP/M.6537 – FAURECIA/ PLASTAL
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹**

1. On 18 June 2012 the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Faurecia Investments S.A.S. (France), a subsidiary of Faurecia S.A. (hereinafter "Faurecia", France) which is controlled by PSA Peugeot Citroën S.A. (hereinafter "PSA", France) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the whole of Plastal S.A.S. (hereinafter "Plastal France", France) by way of purchase of shares (Plastal France and Faurecia together hereinafter referred to as "the notifying party").

1. THE PARTIES

2. Faurecia is a global supplier of automotive equipment in particular in vehicle seating, interiors, front ends and exhaust systems.
3. Plastal France is part of the Swedish Plastal Group, which produces and supplies thermoplastic engineered plastic components to the automotive industry. Plastal France is the lessee of production assets within the plant of, and exclusively supplies exterior parts to, Smart France S.A.S. (hereinafter "Smart", France) which is a subsidiary of Daimler AG (Germany). Plastal Group is currently in insolvency procedure.

¹ 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.

4. Plastal Spain S.A.U. (hereinafter "Plastal Spain"), which has been acquired by Faurecia from the Plastal Group in June 2010, has four plants in Spain and produces mainly bumpers and also instrument panels, door trims, fenders and spoilers.

2. THE OPERATION

5. On 8 November 2011, Faurecia submitted an offer concerning the acquisition of all assets of Plastal France, which was countersigned on 7 February 2012 by the insolvency administrator of Plastal Germany on behalf of Plastal France as seller. It has later been agreed that Faurecia will acquire all shares in Plastal France instead of acquiring all assets.
6. The acquisition of Plastal France follows two previous acquisitions by Faurecia concerning other parts of the Plastal Group: on 3 February 2010, Faurecia acquired the business and all operating assets of Plastal Germany. This transaction was cleared by the Commission on 24 March 2010 (COMP/M.5799). In addition, Faurecia entered into an Option Agreement with the Plastal Group regarding all shares in Plastal Spain and in Plastal France. Faurecia exercised the call option for Plastal Spain on 29 June 2010. This transaction was cleared by the Commission on 30 September 2010 (COMP/M.5977).
7. In the light of the above, the proposed transaction consisting of the acquisition of Plastal France by Faurecia constitutes a concentration within the meaning of Art. 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

8. According to Art. 5(2) second sub-paragraph of the Merger Regulation two or more transactions which take place within a two-year period between the same persons or undertakings, which is the case in the proposed transaction, shall be qualified as a single concentration within the meaning of the Merger Regulation. In view of the fact that the acquisition of Plastal Spain by Faurecia took place less than two years from the notification of the proposed transaction in object, the turnover of Plastal Spain shall be taken into account when assessing the EU dimension of the proposed concentration.
9. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2 500 million². In each of at least three Member States, the combined aggregate turnover of all the undertakings concerned is more than EUR 100 million. In each of at least three Member States, the aggregate turnover of the undertakings concerned is more than EUR 25 million. The aggregate Union-wide turnover of Faurecia and of Plastal is more than EUR 100 million. Finally, they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension (Art. 1 (3) Merger Regulation).

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

4. RELEVANT PRODUCT AND GEOGRAPHIC MARKETS

4.1. Relevant product markets

10. With regard to car components the Commission has established in previous cases a distinction between on the one hand systems and components for light vehicles, and on the other hand systems and components for heavy vehicles.³ The markets for automotive components have been further divided into products for original equipment manufacturers (OEMs) including products for the original equipment services (OES) businesses and replacement parts sold to the independent aftermarket.⁴
11. Faurecia and Plastal France are both suppliers of components for light vehicles, including passenger cars and light utility vehicles (as opposed to the markets for heavy vehicle equipment) to OEMs and OES businesses. Neither is active in the markets for replacement parts sold to the independent aftermarket. The horizontal overlaps thus only relate to the markets for components for light vehicles sold to OEMs/OES businesses.
12. Since Plastal France is not active on any possible module market (where a composite of a number of preassembled components is delivered to the OEM as one single unit), the notifying party proposes that the market for components may be segmented into: (1) bumpers, (2) front-end carriers, (3) instrument panels, (4) door trims, (5) fenders, (6) rocker panels, (7) radiator grilles, (8) sill covers, (9) spoilers, and (10) tailgates.
13. On an EEA level, the following component markets are affected: (i) *bumpers* and (ii) *front-end carriers*.⁵
14. *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.
15. *Front-end carriers* are the underlying structure for the whole front-end module and are made of thermoplastic material, composites or metal/plastic hybrids. 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 in the previous market investigation in the related case COMP/M.5799 Faurecia - Plastal, bumpers and front end carriers form part of separate product markets, rather than being part of a broader front end module market.
16. In the previous cases, it has not been 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 concentrations were not considered as raising serious doubts as to compatibility with the internal market.

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

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

⁵ Assuming national markets, affected markets for each of these products would arise in Germany and in Spain for front-end carriers and instrument panels; and in Germany, France and Spain for bumpers. However, according to the notifying party, for bumpers and instrument panels, the said overlaps are *de minimis*, and neither Plastal Spain nor Plastal France produced any front-end carriers in 2010 or 2011. The transaction would not lead to affected markets on a world-wide market delineation.

4.2. Relevant geographic markets

17. In line with the Commission's previous decisions in past cases concerning the markets for automotive components, the notifying party submits that the geographic scope of all possible products markets is at least EEA-wide. The market investigations in the related cases M.5799 and M.5977 confirmed this view for the product markets concerned.

5. COMPETITIVE ASSESSMENT

18. The acquisition by Faurecia of Plastal Spain was already cleared by the Commission on 30 September 2010 (COMP/M.5977 Faurecia - Plastal).

5.1. Horizontal effects

19. The horizontal overlaps between Faurecia and Plastal France only relate to components for light vehicles sold to OEMs/OES businesses. At an EEA level, the focus lies on (i) bumpers and (ii) front end carriers.
20. For *bumpers*, the Parties' combined 2011 market share in value is [20-30%] with an increment of less than [0-5%]. The merged entity would face competition in particular by Plastic Omnium [10-20%], Magna [10-20%] and Peguform [10-20%].
21. For *front-end carriers*, the Parties' combined share would be [10-20%] with an increment of less than [0-5%]. The merged entity would face competition in particular by Magna [10-20%], HBPO [10-20%] and Valeo [5-10%].
22. The Parties stress that they are facing strong competition from the other established players. Moreover, they point to the fact that some OEMs maintain in house production and development capabilities and to countervailing buyer power from the car manufacturers.
23. In addition, Plastal France has only one customer – Daimler, and in 2010 the 4 main customers of Faurecia ([...], [...], [...] and [...]) represented some [90-100%] of all sales of Faurecia Exterior business.
24. It follows from the above that no risks of anti-competitive horizontal effects arise as a result of the proposed transaction.

5.2. Vertical effects

25. On the basis of an EEA-wide downstream car market, the notifying party submitted that there are no vertically affected markets since PSA's – Faurecia's parent company – market share is less than 25%.
26. On the basis of a national segmentation of the markets for the manufacture and supply of passenger cars, the share of PSA does not exceed 25% on any such national market – except for France - according to the notifying party. In France, PSA's market share on an assumed national market for light vehicles in 2011 amounted to [30-40%].
27. In any event, a risk of anti-competitive vertical effects, in particular of customer foreclosure due to the concentration, is unlikely since the component markets appear to be EEA wide.

6. CONCLUSION

28. For the above reasons, the European 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 Commission
(signed)
Joaquín ALMUNIA
Vice-President*