

*Case No IV/M.762 -
CEGELEC / AEG II*

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

Article 6(1)(b) NON-OPPOSITION
Date: 03/09/1996

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.09.1996

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject : Case No IV/M.762 - CEGELEC/AEG II

Notification of 30.07.1996 pursuant to Article 4 of Council Regulation (EEC) No 4064/89

1. On 30.07.1996, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking CEGELEC S.A. belonging to the group Alcatel Alsthom acquires within the meaning of Article 3(1)b of the Council Regulation control of the whole of AEG AAT, belonging to AEG, which is a 96% majority-owned subsidiary of Daimler-Benz, 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 (EEC) 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' ACTIVITIES AND THE OPERATION

3. The business activities of the undertakings concerned are :
 - for CEGELEC : contracting, engineering and systems integration activities in the field of electric power and controlled systems, industrial process control;

- for AEG AAT : factory automation and goods distribution, process engineering and environmental systems, infrastructure and integrated services, software products and systems.
4. The businesses being acquired include factory automation and goods distribution systems and projects, industrial process engineering and control, and environmental systems based on DCS platforms., which are businesses in which both parties participate.

II. COMMUNITY DIMENSION

5. Undertakings Alcatel Alsthom and AEG AAT have a combined aggregate worldwide turnover in excess of ECU 5,000 million. Each of them has a Community-wide turnover in excess of ECU 250 million, but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension, but does not constitute a cooperation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

III. COMPATIBILITY WITH THE COMMON MARKET

A. Relevant product markets

6. The notifying party states that there are relevant product markets for factory automation and goods distribution systems and projects; and also, for industrial process engineering and control, and environmental systems based on DCS platforms. However, it is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market

7. The notifying party states that the relevant geographic market is national, even to a certain extent, regional (i.e., two or more Member States, or cross-border areas in the EEA). However, it is not necessary to further delineate the relevant geographic markets because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

8. Whatever the geographic dimension of the product markets, there are no affected markets in the meaning of Form CO. The combined market shares brought about the concentration in either product market will not amount to 15%, as measured within the EEA or EU as a whole or in any individual Member State.
9. In view of these market positions, it appears that the notified operation will have an insignificant impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

IV. ANCILLARY RESTRICTIONS

10. The Master Agreement binds Daimler Benz not to re-enter the fields in which AEG AAT was active for five years. Because this clause is directly related and necessary to the implementation of the proposed concentration, it is covered by the present decision.

V. CONCLUSION

11. 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 (EEC) No 4064/89.

For the Commission,

(signed)