



EUROPEAN COMMISSION
DG Competition

***Case M.8132 - FMC
TECHNOLOGIES /
TECHNIP***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 22/11/2016

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EUROPEAN COMMISSION

Brussels, 22.11.2016
C(2016) 7688 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

**Subject: Case M.8132 FMC TECHNOLOGIES / TECHNIP
Commission decision pursuant to Article 6(1)(b) of Council
Regulation No 139/2004¹ and Article 57 of the Agreement on the
European Economic Area²**

Dear Sir or Madam,

(1) On 14.10.2016, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation and following a referral pursuant to Article 4(5) of Council Regulation (EC) No 139/2004 by which FMC Technologies, Inc. ("FMC", USA) enters into a full merger, within the meaning of Article 3(1)(a) of the Merger Regulation, with Technip S.A. ("Technip", France) by way of a purchase of shares ("the Proposed Transaction").³ FMC and Technip are designated hereinafter as the "Notifying Parties" or "Parties" to the proposed transaction.

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.

² OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

³ Publication in the Official Journal of the European Union No C 388, 21/10/2016, p. 5.

1. THE PARTIES

- (2) **FMC** is a global provider of products and services for the energy industry, primarily the oil and gas ("O&G") segment. It operates three business units on a global basis: (i) subsea technologies; (ii) subsea infrastructure and (iii) energy infrastructure.
- (3) **Technip** is a global provider of engineering, procurement and construction ("EPC") and engineering, procurement, construction and installation ("EPCI") services for the energy industry, including, in particular, the O&G segment. It operates in three business areas on a global basis: (i) subsea infrastructure; (ii) onshore facilities and (iii) offshore platforms.

2. THE CONCENTRATION

- (4) Under the Proposed Transaction, there will be a merger of equals between FMC and Technip with a new company (TechnipFMC plc) being created. The former shareholders of FMC and Technip will hold 49.1% and 50.9% of the merged entity, respectively.
- (5) In light of the above, the Proposed Transaction constitutes a concentration pursuant to Article 3(1)(a) of the Merger Regulation.

3. EU DIMENSION

- (6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁴ [FMC: EUR 5 790 million; Technip: EUR 12 209 million]. However, each of them does not have an EU-wide turnover in excess of EUR 250 million [FMC: EUR [...] million; Technip: EUR [...] million]. The notified operation does not have an EU dimension within the meaning of Article 1 of the Merger Regulation but it was referred to the Commission pursuant to Article 4(5) of the Merger Regulation.

4. RELEVANT MARKETS

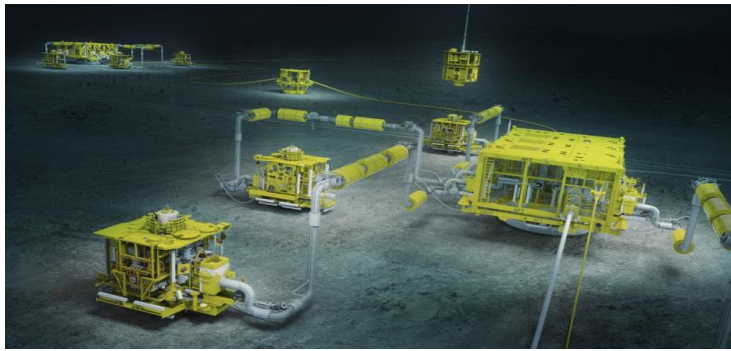
4.1. Relevant product markets

4.1.1. *Subsea production systems (SPS)*

- (7) FMC is active in the provision of subsea production systems ("SPS"). SPS consist of a package of equipment and services that includes the design and manufacture of wellheads, production trees, manifolds, control systems, mechanical connectors, jumpers and processing equipment on the seafloor and on offshore facilities, and inspection, repair and maintenance services for that seafloor equipment. SPS can range in complexity from a single well with a single flow line tied back to a fixed platform or floating installation, to several wells clustered around a manifold and transferring to a fixed or floating facility. SPS may also include subsea power, separation and boosting products. Finally, there may be

⁴ Turnover calculated in accordance with Article 5 of the Merger Regulation.

equipment such as tooling for installing and maintaining the systems and working over the wells.



Source: Form CO

4.1.1.1. The Notifying Parties' view

- (8) The Parties submit that there is a separate product market for SPS, but that the precise delineation of the market can be left open as no competition concerns arise under any plausible market definition given that Technip does not supply SPS.

4.1.1.2. The Commission's assessment

- (9) In a previous decision,⁵ the Commission considered a separate relevant market for SPS but ultimately left open the exact delineation of the product market as no competition concerns arose under any plausible market definition. The market investigation in the present case showed that, in general, the provision of SPS represents a separate product market.⁶ The precise definition can however be left open as the Transaction does not give rise to serious doubts irrespective of the definition retained. The only plausible product market that gives rise to an affected market⁷ in the context of the Transaction is that for SPS as described in paragraph 7 above, and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

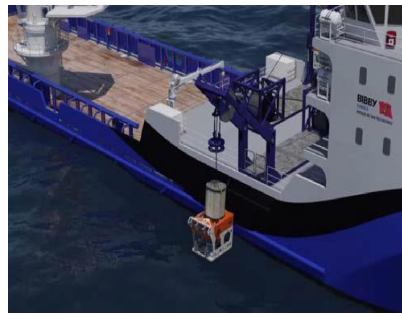
4.1.2. *Subsea Remotely Operated Vehicle (ROV) systems*

- (10) FMC is active in the supply of subsea ROV systems. Subsea ROV systems are unmanned underwater robots operated from the surface used in the construction, installation, observation, repair and maintenance of subsea O&G infrastructure and equipment. Most ROVs are equipped with at least one video camera and lights. Additional equipment may include sonars, a stills camera, and a manipulator or cutting arm.

⁵ Case No. COMP/M.6854 - *Cameron / Schlumberger / OneSubsea*.

⁶ Responses to questionnaire to customers, question 8. Responses to questionnaire to competitors, question 8.

⁷ For a definition of the concept "affected market" as used in European Commission merger decisions, please refer to Commission Regulation (EC) No 802/2004, annex 6.3.



Source: Form CO

4.1.2.1. The Notifying Parties' view

- (11) The Parties submit that subsea ROV systems can be split into two types: observation class and work class. Observation class subsea ROV systems are used for visual inspection of ships, ports, underwater pipelines, platforms and other subsea structures. Work class subsea ROV systems are used for the installation, service, repair, and recovery of objects and other interventions. Most work class subsea ROV systems have two manipulator arms attached that enable them to carry out their specific tasks.
- (12) The only type of ROV produced by FMC, via its Schilling Robotics business, is work class subsea ROV systems. They consist of a series of integrated products including the ROV, control cabin, launch and recovery system ("LARS") and tether management system ("TMS"). These distinct components typically cannot be used interchangeably among different manufacturers' systems and are therefore generally purchased together. The Notifying Parties submit that there is a market for subsea ROV systems but that the precise delineation of the market can be left open as no competition concerns arise under any plausible market definition.

4.1.2.2. The Commission's assessment

- (13) The Commission has not considered subsea ROV systems in previous decisions. The market investigation showed that customers and competitors consider that the supply of ROV systems represents a separate product market, though some consider such a market encompasses manipulator arms.⁸ In any case, the precise market definition can be left open as the Transaction will not raise serious doubts even under the narrowest plausible market definition.

4.1.3. *Subsea manipulator arms*

- (14) FMC is active in the supply of subsea manipulator arms. These are remotely operated mechanical arms that are attached to subsea ROVs to enable operators working from the surface to manipulate underwater objects in real time. Manipulator arms cover a broad range of applications such as grabbing a lift line, untangling tether cables, tool placement, recovering objects from the sea bottom, and plugging and unplugging electrical and hydraulic connectors.

⁸ Responses to questionnaire to customers, question 9. Responses to questionnaire to competitors, question 9.



Source: Form CO

4.1.3.1. The Notifying Parties' view

- (15) The Parties submit that subsea manipulator arms can be purchased separately from subsea ROV systems as manipulator arms are typically compatible with any subsea ROV system and customers can therefore mix and match these products as needed. The Notifying Parties submit that there is a market for subsea manipulator arms but that the precise delineation of the market can be left open as no competition concerns arise under any plausible market definition.

4.1.3.2. The Commission's assessment

- (16) The Commission has not analysed subsea manipulator arms in previous cases. The market investigation carried out in the present case highlighted that many customers and competitors consider manipulator arms to belong to the market for subsea ROV systems, though not all respondents take this view.⁹ In any event, the precise market definition can be left open as the Transaction will not raise serious doubts even under the narrowest plausible market definition.

4.1.4. *Offshore loading systems*

- (17) O&G requires loading systems that conduct transfers between production facilities and transport vehicles. Offshore loading systems consist of a rigid supporting structure and articulated piping, combined with swivel joints to obtain flexibility. They also typically include targeting equipment to assist the connection and disconnection of the loading system to/from the carrier manifold in dynamic conditions. FMC is active in the supply of offshore loading systems.



Source: Form CO

⁹ Responses to questionnaire to customers, question 10. Responses to questionnaire to competitors, question 10.

4.1.4.1. The Notifying Parties' view

- (18) The Parties submit that offshore loading systems are a separate market from onshore loading systems as the former have a more sophisticated design and require additional stability and flexibility in order to operate in demanding conditions. Offshore loading systems are also more expensive than onshore loading systems.

4.1.4.2. The Commission's assessment

- (19) The Commission has not analysed this market in previous cases. The market investigation has shown that customers and competitors consider offshore loading systems to be a separate product market.¹⁰ In any event, the question of whether offshore and onshore loading systems represent distinct markets can be left open as the Transaction will not raise serious doubts irrespective of the definition retained. The narrowest plausible product markets that give rise to affected markets in the context of the Transaction are the market for offshore loading systems as described in paragraph 17 above and that for onshore loading systems (see section 4.1.5 below), and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

4.1.5. Onshore loading systems

- (20) Onshore loading systems are supplied for land and near-shore applications. They are used to load and transfer O&G, including liquefied natural gas ("LNG"), between trucks, railcars, vessels, platforms and storage and processing facilities. Two types of loading systems are used for onshore O&G applications: (i) marine loading systems installed on the jetty, which transport fluids from and into a vessel and (ii) truck and railcar loading systems, which are used to fill a truck or a railcar with O&G from an onshore terminal or refinery. FMC is active in the supply of onshore loading systems.



Source: Form CO; Loading systems for railcars

4.1.5.1. The Notifying Parties' view

- (21) As explained in paragraph 18, the Parties submit that onshore loading systems are separate from offshore loading systems due to the more complex technology required in demanding offshore environments.

¹⁰ Responses to questionnaire to customers, question 12. Responses to questionnaire to competitors, question 12.

4.1.5.2. The Commission's assessment

- (22) The Commission has not analysed this market in previous cases. The market investigation has shown that customers and competitors consider onshore loading systems to be a separate product market.¹¹ Nevertheless, the question of whether offshore and onshore loading systems represent distinct markets can be left open as the Transaction will not raise serious doubts irrespective of the definition retained. The narrowest plausible product markets that give rise to affected markets in the context of the Transaction are the market for onshore loading systems as described in paragraph 20 above and that for offshore loading systems (see section 4.1.4 above), and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

4.1.6. Subsea umbilical riser & flowline (SURF)

- (23) Technip is active as a supplier of subsea infrastructure of pipes and cables called umbilicals¹², risers¹³ and flowlines¹⁴ ("SURF"). SURF includes the services involved in installing this subsea infrastructure as well as the inspection, repair and maintenance services for the umbilicals, risers and flowlines.



Source: Form CO

4.1.6.1. The Notifying Parties' view

- (24) The Parties submit that there is a market for SURF that consists of the provision, including the installation, of the umbilical, riser and flowline products, but that the precise delineation of the market can be left open as no competition concerns arise under any plausible market definition.

4.1.6.2. The Commission's assessment

- (25) In a previous decision, the Commission considered a product market for subsea pipe-laying involving "*the design and laying of submarine pipelines*" and service including "*diving services, survey and positioning services, remote operated*

¹¹ Responses to questionnaire to customers, question 11. Responses to questionnaire to competitors, question 11.

¹² An umbilical is a composite cable containing tension wires, hydraulic pipes, electrical power cables, control and communication conduits.

¹³ Risers are suspended pipes that lift the extracted O&G from the seabed flow line infrastructure to offshore facilities. They can be either rigid or flexible pipes, insulated to withstand seafloor temperature and pressure.

¹⁴ Flowlines are pipes that run across the seafloor to connect single or multiple wellheads to a manifold or processing equipment. Unlike risers, which transport O&G to the ocean's surface, flowlines transport the O&G to other structures on the seafloor.

vehicle services, pipe-carriers and cargo barges".¹⁵ In the present case, the market investigation showed that customers and competitors consider that there is a relevant product market for SURF consisting of the provision and installation of umbilicals, risers and flowlines.¹⁶ In any case, the precise market definition can be left open as the Transaction will not raise serious doubts irrespective of the definition retained. The only plausible product market that gives rise to an affected market in the context of the Transaction is that for SURF as described in paragraph 23 above, and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

4.1.7. Subsea umbilicals

- (26) Subsea umbilicals are cables that provide an electrical and hydraulic conduit between the SPS and offshore facilities, enabling control from the surface. An umbilical is a composite cable containing tension wires, hydraulic pipes, electrical power cables, and control and communication conduits. Subsea umbilicals can be provided to an end customer as part of a SURF package, but also separately or as part of an SPS package.¹⁷



Source: Form CO

4.1.7.1. The Notifying Parties' view

- (27) The Parties identify five categories of subsea umbilicals. These are (i) steel tube umbilicals¹⁸, (ii) thermoplastic hose umbilicals¹⁹, (iii) power and communication system umbilicals²⁰, (iv) hybrid umbilicals²¹ and (v) flying leads²². However, according to the Parties, it is misleading to sub-segment the subsea umbilical

¹⁵ Case No. COMP/M.2842 - *Saipem / Bouygues Offshore*.

¹⁶ Responses to questionnaire to customers, question 13. Responses to questionnaire to competitors, question 13.

¹⁷ Parties' response to request for information of 5 October 2016.

¹⁸ Steel tube umbilicals serve as fluid conduits to provide hydraulic control and chemical injection services. They are used for deep water subsea infrastructures and are primarily used for the long distance delivery of oil and gas. They are designed to deal with high pressures.

¹⁹ Thermoplastic hose umbilicals also serve as fluid conduits to provide hydraulic control and chemical injection services. They are typically cheaper than steel tube umbilicals, and are used for short distance delivery, and are generally used in lower pressure subsea environments.

²⁰ Low voltage electrical power and communications can be provided via signal cables, fibre optic cables and power conductors. There are also medium voltage electrical power conductors and chemical injection lines for use in corrosion inhibition and prevention of wax and scale build-up.

²¹ Hybrid umbilicals incorporate both steel tube and thermoplastic designs.

²² Flying leads or jumper umbilicals are used to link subsea structures, including SURF, SPS and other subsea components. In particular, they are used to support connections between subsea structures such as manifolds, trees and termination units.

market by category as these different categories of subsea umbilicals are typically bundled together to provide a range of functions which include production control, chemical injection, subsea pumping and processing, gas lift and underground gas storage.²³ While the exact design of the subsea umbilical bundle will depend on factors which vary by project, such as water depth, related environmental conditions and temperature, there are virtually no projects where only one functionality is required from the umbilicals to be installed,²⁴ and all of Technip's competitors provide all five types of umbilicals and can provide solutions for all projects.

4.1.7.2. The Commission's assessment

(28) In a previous decision, the Commission considered a market for subsea umbilicals but left open a possible further sub-segmentation between power umbilicals and steel tube umbilicals.²⁵ In the present case, the market investigation revealed that customers and competitors consider that there is a separate market for subsea umbilicals.²⁶ Furthermore, umbilicals with only one function are almost never sold stand-alone, except as replacement parts in case of malfunction.²⁷ From a supply-side perspective, all umbilicals suppliers provide all categories of umbilicals and all functions and can respond to customers' demands for all types of projects.²⁸ Furthermore, different types of subsea umbilicals are typically bundled together to provide a range of functions and the competitive position in the market is the same irrespective of whether a sub-segmentation of umbilicals is made.²⁹ The precise market definition can be left open as the Transaction will not raise serious doubts irrespective of the definition retained. For the purpose of the present case, the plausible market giving rise to an affected market in the context of the Transaction is that for subsea umbilicals as described in paragraph 26 above, and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

4.1.8. Offshore facilities EPCI

(29) Technip is active as an offshore facilities EPCI provider. Offshore facilities are platforms, floating production, storage and offloading facilities, and other facilities at the ocean's surface. They may be fixed to the seabed or floating, and contain equipment used to drill for, process, store, offload and export O&G. O&G companies often purchase the services of offshore facilities EPCI providers to design the facilities, procure the necessary components, and construct and install the components of the platform or other facility at the offshore location.

²³ Form CO, paragraphs 93, 95.

²⁴ Form CO, paragraphs 94, 100.

²⁵ Case No. COMP/M.7316 - *Det Norske Oljeselskap / Marathon Oil Norge* – the Commission considered a segmentation between (i) subsea power umbilicals and (ii) steel tube umbilicals.

²⁶ Responses to questionnaire to customers, question 13. Responses to questionnaire to competitors, question 13.

²⁷ Parties' response to request for information of 5 October 2016. Form CO, paragraph 101 "*Standalone sales of a specific type of umbilical with only one function are only made, if at all, in cases of malfunction, essentially as a spare/replacement part.*"

²⁸ Parties' response to request for information of 5 October 2016.

²⁹ Parties' response to request for information of 26 October 2016.



Source: Form CO

4.1.8.1. The Notifying Parties' view

- (30) The Parties submit that there is a separate market for the provision of offshore facilities EPCI, but that the precise delineation of the market can be left open as no competition concerns arise under any plausible market definition.³⁰

4.1.8.2. The Commission's assessment

- (31) In a previous decision,³¹ the Commission identified a market for the provision of EPCI for offshore O&G projects. The market investigation in the present case confirmed that this is indeed a separate product market.³² In any case, the precise market definition can be left open as the Transaction will not raise serious doubts irrespective of the definition retained. The only plausible product market that gives rise to an affected market in the context of the Transaction is that for offshore facilities EPCI as described in paragraph 29 above, and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

4.1.9. Onshore facilities EPC

- (32) Onshore facilities EPC providers design refining (of gas treatment, liquefaction, petrochemicals including ethylene, polymers and fertilizers and hydrogen) and other facilities, procure the necessary components, and construct the facilities for O&G companies. Technip is active in the provision of onshore EPC.



Source: Form CO

³⁰ Form CO, paragraph 187.

³¹ Case No. COMP/M.2842 - *Saipem / Bouygues Offshore*, paragraph 9.

³² Responses to questionnaire to customers, question 16. Responses to questionnaire to competitors, question 16.

4.1.9.1. The Notifying Parties' view

- (33) The Parties submit that there is a separate market for the provision of onshore facilities EPC but that the precise delineation of the market can be left open as no competition concerns arise under any plausible market definition.³³

4.1.9.2. The Commission's assessment

- (34) In a previous decision, the Commission considered the market for onshore EPC as separate from offshore EPCI, but in the end the market definition was left open.³⁴ The market investigation in the present case confirmed that there is indeed a market for the provision of EPC for onshore O&G projects.³⁵ The only plausible product market that gives rise to an affected market in the context of the Transaction is that for onshore facilities EPC as described in paragraph 32 above, and it is on this basis that the Commission carried out its analysis of the effects of the Transaction.

4.2. Relevant geographic markets

4.2.1. Subsea production systems (SPS)

4.2.1.1. The Notifying Parties' view

- (35) The Parties submit that the market for SPS is worldwide in scope, but that there is no need to define the exact geographic market for SPS, as no competition concerns arise under any possible geographic market definition. The Parties have nevertheless also provided information on the market size and shares at EEA level.

4.2.1.2. The Commission's assessment

- (36) In a previous decision,³⁶ the Commission left open the exact delineation of the geographic market, as no competition concerns arose under any plausible market definition.
- (37) The vast majority of respondents to the Commission's market investigation considered that conditions of competition are similar at a global level,³⁷ and that they were not aware of any supplier of SPS operating on a less than worldwide basis.³⁸ Market participants however indicated that having a local or regional presence implies better servicing capabilities. In any event, the precise geographic market definition can be left open as the Transaction will not raise serious doubts, irrespective of the market definition (EEA-wide or worldwide) retained.

³³ Form CO, paragraph 216.

³⁴ Case No. COMP/M.2842 - *Saipem / Bouygues Offshore*, paragraph 11.

³⁵ Responses to questionnaire to customers, question 15. Responses to questionnaire to competitors, question 15.

³⁶ Case No. COMP/M.6854 - *Cameron / Schlumberger / OneSubsea*, paragraphs 26-28.

³⁷ Responses to questionnaire to customers, question 20. Responses to questionnaire to competitors, question 21.

³⁸ Responses to questionnaire to customers, question 18.1. Responses to questionnaire to competitors, question 19.1

4.2.2. *Subsea Remotely Operated Vehicle (ROV) systems*

4.2.2.1. The Notifying Parties' view

- (38) The Parties submit that the market for subsea ROV systems is worldwide in scope as the main providers operate globally and customers source them independently of the manufacturing location. There are no country-specific regulatory requirements and the transport costs represent an insignificant part of the total subsea ROV systems cost (substantially less than 5%).

4.2.2.2. The Commission's assessment

- (39) The Commission has not considered this market in previous decisions. The vast majority of respondents to the Commission's market investigation considered that conditions of competition are similar at a global level,³⁹ and that having local or regional presence is not important to be able to compete on this market.⁴⁰ In any event, for the present case, the exact geographic market definition can be left open as the Transaction will not lead to serious doubts irrespective of the market definition retained (EEA-wide or worldwide).

4.2.3. *Subsea manipulator arms*

4.2.3.1. The Notifying Parties' view

- (40) The Parties submit that the market for subsea manipulator arms is worldwide in scope as the main providers operate globally and customers source them worldwide. There are no country-specific regulatory requirements and the transport costs represent an insignificant part of the total subsea manipulator arm cost; much less than 5%.

4.2.3.2. The Commission's assessment

- (41) The Commission has not analysed this market in previous cases. The vast majority of respondents to the Commission's market investigation considered that conditions of competition are similar at a global level,⁴¹ and that having local or regional presence is not important to be able to compete on this market.⁴² In any event, for the present case, the precise market definition can be left open as the Transaction will not raise serious doubts irrespective of the market definition retained (EEA-wide or worldwide).

³⁹ Responses to questionnaire to customers, question 18.2. Responses to questionnaire to competitors, question 19.2.

⁴⁰ Responses to questionnaire to customers, question 19.2. Responses to questionnaire to competitors, question 20.2.

⁴¹ Responses to questionnaire to customers, question 18.3. Responses to questionnaire to competitors, question 19.3

⁴² Responses to questionnaire to customers, question 19.3. Responses to questionnaire to competitors, question 20.3.

4.2.4. *Offshore loading systems*

4.2.4.1. The Notifying Parties' view

- (42) The Parties submit that the market for offshore loading systems is worldwide in scope. The main providers operate globally and customers' sourcing policy is also global. The transport costs are minor compared to the total value of contracts, representing substantially less than 5% of the total contract price for an offshore loading system.

4.2.4.2. The Commission's assessment

- (43) The Commission has not analysed this market in previous cases. The vast majority of respondents to the Commission's market investigation considered that conditions of competition are similar at a global level,⁴³ and that having local or regional presence is not important to be able to compete on this market.⁴⁴ In any event, in this case the precise market definition can also be left open as the Transaction will not raise serious doubts, irrespective of the market definition retained (EEA-wide or worldwide).

4.2.5. *Onshore loading systems*

4.2.5.1. The Notifying Parties' view

- (44) The Parties submit that the market for onshore loading systems is worldwide in scope. As for offshore loading systems, the main providers operate on a global level and customers source globally. Furthermore, the transport costs are minor compared to the total value of contracts, representing substantially less than 5% of the total contract price for an onshore loading system.

4.2.5.2. The Commission's assessment

- (45) The Commission has not analysed this market in previous cases. The vast majority of respondents to the Commission's market investigation considered that conditions of competition are similar at a global level,⁴⁵ and that having local or regional presence is not important to be able to compete on this market.⁴⁶ In any event, in this case, the precise definition can be left open as the Transaction will not raise serious doubts irrespective of the market definition retained (EEA-wide or worldwide).

⁴³ Responses to questionnaire to customers, question 18.5. Responses to questionnaire to competitors, question 19.5.

⁴⁴ Responses to questionnaire to customers, question 19.5. Responses to questionnaire to competitors, question 20.5.

⁴⁵ Responses to questionnaire to customers, question 18.4. Responses to questionnaire to competitors, question 19.4.

⁴⁶ Responses to questionnaire to customers, question 19.4. Responses to questionnaire to competitors, question 20.4.

4.2.6. *Subsea umbilical riser & flowline (SURF)*

4.2.6.1. The Notifying Parties' view

- (46) The Parties submit that the geographic market for SURF is worldwide in scope, but that the precise definition can be left open as the Transaction does not raise competition concerns.

4.2.6.2. The Commission's assessment

- (47) In a previous decision, the Commission considered that the market for SURF was at least EEA-wide and potentially worldwide in scope.⁴⁷ The market investigation supports a definition of the relevant geographic market for SURF as worldwide in scope⁴⁸ however, in this case, the precise delineation can also be left open as serious doubts do not arise irrespective of the market definition retained (EEA-wide or worldwide).

4.2.7. *Subsea umbilicals*

4.2.7.1. The Notifying Parties' view

- (48) The Parties submit that the geographic market for subsea umbilicals is worldwide in scope but that the precise definition can be left open as the Transaction does not raise competition concerns.

4.2.7.2. The Commission's assessment

In a previous decision, the Commission considered the geographic market for subsea umbilicals to be at least EEA-wide and potentially global in scope.⁴⁹ The vast majority of respondents to the Commission's market investigation considered that conditions of competition are similar at a global level.⁵⁰ In any event, in this case, the market precise definition can be left open as serious doubts do not arise irrespective of the market definition retained (EEA-wide or worldwide).

4.2.8. *Offshore facilities EPCI*

4.2.8.1. The Notifying Parties' view

- (49) The Parties submit that the geographic market for offshore facilities EPCI is worldwide in scope, but that the precise definition can be left open as the Transaction does not raise competition concerns.

4.2.8.2. The Commission's assessment

- (50) In a previous decision, the Commission assessed the geographic market as global or regional. The market investigation in that case generally pointed to a

⁴⁷ Case No. COMP/M.2842 - *Saipem / Bouygues Offshore*, paragraph 12.

⁴⁸ Responses to questionnaire to customers, question 18.6. Responses to questionnaire to competitors, question 19.6.

⁴⁹ Case No. COMP/M.7316 - *Det Norske Oljeselskap / Marathon Oil Norge*, paragraph 10.

⁵⁰ Responses to questionnaire to customers, question 18.7. Responses to questionnaire to competitors, question 19.7.

worldwide market, but ultimately the exact delineation was left open.⁵¹ The vast majority of respondents to the Commission's market investigation in the present case considered that conditions of competition are similar at a global level. However, as with the previous case, the exact definition can be left open as the Transaction does not raise serious doubts irrespective of the market definition retained (EEA-wide or worldwide).

4.2.9. *Onshore facilities EPC*

4.2.9.1. The Notifying Parties' view

- (51) The Parties submit that, to the extent that the geographic market for onshore facilities EPC is defined, the scope should be worldwide.

4.2.9.2. The Commission's assessment

- (52) In a previous decision, the Commission assessed the geographic market for onshore construction as global. The market investigation redacted in that case generally pointed to a worldwide market, however ultimately the exact delineation was left open.⁵² The vast majority of respondents to the Commission's market investigation in the present case considered that conditions of competition are similar at a global level but, the precise market definition can be left open as the Transaction does not raise serious doubts irrespective of the market definition retained (EEA-wide or worldwide).

5. **COMPETITIVE ASSESSMENT**

5.1. **Non-coordinated horizontal effects**

- (53) There are no horizontal overlaps between the products and services supplied by the Parties.

5.2. **Non-horizontal effects**

- (54) The Transaction gives rise to vertically affected markets with regard to the (i) supply of subsea umbilicals (upstream) and the provision of SPS (downstream); (ii) the supply of subsea ROV systems (upstream) and the provision of SURF (downstream); (iii) the supply of subsea manipulator arms (upstream) and the provision of SURF (downstream); (iv) the supply of offshore loading systems (upstream) and the provision of offshore facilities EPCI (downstream) and (v) the supply of onshore loading systems (upstream) and the provision of onshore facilities EPC (downstream).

5.2.1. *Subsea umbilicals – SPS*

- (55) In addition to the subsea umbilicals supplied as part of its SURF installations, Technip sells subsea umbilicals on a stand-alone basis to O&G customers, other SURF providers as well as to SPS suppliers. The majority of these sales are made

⁵¹ Case No. COMP/M.2842 - *Saipem / Bouygues Offshore*, paragraphs 12, 15.

⁵² Case No. COMP/M.2842 - *Saipem / Bouygues Offshore*, paragraph 14-15.

to O&G customers ([...] % of sales over 2013-2015) and SURF providers ([...] %), and around [...] % to SPS providers, including FMC.⁵³

5.2.1.1. The Notifying Parties' view

- (56) The Parties submit that the new entity will neither have the ability nor the incentive to foreclose downstream competitors for SPS because (i) there are other strong competitors in the market⁵⁴; (ii) SPS packages sold to end O&G customers do not necessarily need to include subsea umbilicals⁵⁵; and (iii) any attempt to increase price would ultimately harm the relationship with other suppliers and customers of the new entity.
- (57) The Parties also submit that the new entity will neither have the ability nor incentive to foreclose upstream competitors for subsea umbilicals as FMC is only a small purchaser of subsea umbilicals.

5.2.1.2. The Commission's assessment

- (58) The Commission considers that the merged entity does not have the ability to foreclose access to subsea umbilicals. In the period 2013-2015, Technip had an average⁵⁶ global market share of [30-40] % and an EEA market share of [50-60] %. There are established competitors in the market for subsea umbilicals, such as Oceaneering (World: [20-30] %; EEA: [10-20] %), Aker (World: [20-30] %; EEA: [5-10] %), Nexans (World: [0-5] %; EEA: [10-20] %) Prysmian (World: [5-10] %), JDR (EEA: [10-20] %). Hence, an attempt on the merged entity's part to foreclose access to subsea umbilicals would lead customers to switch to competing suppliers.
- (59) Furthermore, as confirmed in the market investigation,⁵⁷ SPS packages sold to end O&G customers do not necessarily need to include subsea umbilicals. While umbilicals are key in linking the SPS to the SURF infrastructure, they are not necessarily a key component of SPS packages. They are generally supplied by the SURF provider or sourced separately by O&G customers. This is consistent with the fact that only [...] % of Technip's sales of subsea umbilicals (outside SURF installations) are to SPS providers. Furthermore, subsea umbilicals represent only a small share of the costs of providing an SPS package.⁵⁸
- (60) Therefore, even if the merged entity had the ability to foreclose access to subsea umbilicals (e.g. in case alternative sources of supply would not exist), doing so

⁵³ Form CO, paragraphs 96 and 97.

⁵⁴ The Parties submit more specifically that the Merged Entity will not be able to foreclose SPS competitors' access to umbilicals, because SPS providers would be able to source the umbilicals they need from other well-established, qualified and experienced suppliers.

⁵⁵ Subsea umbilicals are more concretely only occasionally provided by the SPS provider as part of SPS, more commonly they are supplied by the SURF provider or procured directly from suppliers by the O&G customer. For that reason, SPS providers would not be foreclosed if they were not able to purchase subsea umbilicals, as this would not prevent them from providing an SPS package to the end customer.

⁵⁶ Market shares throughout the industry are volatile therefore 3-year rounded averages are quoted.

⁵⁷ Responses to questionnaire to competitors, question 22.1.

⁵⁸ For instance, the overall value of the EEA subsea umbilicals market (the majority of which are sales to O&G customers or SURF providers) represents around 2% of the value of SPS provided in the EEA. Form CO, Annex 7.

would not significantly raise its competitors' costs or restrict their ability to compete on the SPS market, which implies that the extent to which downstream sales would be diverted to the merged entity is limited. The merged entity therefore would not have an incentive to engage in input foreclosure. In this context, it is also worth noting that while FMC is an important provider of SPS, with an average market share of [40-50]% worldwide and [20-30]% at EEA level between 2013 and 2015, it competes on this market with other important suppliers like Schlumberger/Cameron (EEA: [20-30]%), GE (EEA: [20-30]%) or Aker (EEA: [20-30]%).

- (61) Regarding customer foreclosure, this concern arises only when the downstream entity is an important customer. In this case, FMC purchased only [5-10]% of total subsea umbilical demand globally in 2015. Hence, even if FMC decided to purchase all of its umbilicals from Technip, global demand would remain contestable and the newly merged entity would not be able to foreclose its subsea umbilicals competitors.
- (62) For these reasons, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the integration of the subsea umbilicals and SPS activities of the Parties as a result of input or customer foreclosure.

5.2.2. *Subsea ROV systems – SURF*

- (63) FMC, through its Schilling Robotics business, sells work class subsea ROV systems. Technip purchases these subsea ROV system components to combine with its provision of SURF, [...].

5.2.2.1. The Notifying Parties' view

- (64) The Parties submit that the new entity will neither have the ability nor incentive to foreclose competitors on the downstream SURF market because (i) there are other players in the market; (ii) some companies only produce ROV systems for internal use but could begin selling externally; and (iii) any attempt to increase price would ultimately harm the relationship with other suppliers and customers of the new entity.
- (65) The Parties also submit that the new entity will also neither have the ability nor incentive to foreclose upstream competitors as Technip is not an important customer of work class subsea ROV systems.

5.2.2.2. The Commission's assessment

- (66) The Commission considers that the merged entity does not have the ability to foreclose access to work class subsea ROV systems. On average, between 2013 and 2015, FMC had a market share of [30-40]% worldwide and [30-40]% in the EEA. At both EEA and worldwide level it faces competition from a number of suppliers, such as Forum Energy Technologies (World: [20-30]%; EEA: [30-40]%), SMD (World: [10-20]%; EEA: [10-20]%), Oceaneering (World: [20-30]%), Fugro Subsea Services (World: [0-5]%; EEA: [10-20]%) and Krystdesign (World: [0-5]%; EEA: [5-10]%). Hence, an attempt on the merged entity's part to foreclose access to subsea ROV systems would lead its customers to switch to

competing suppliers. [...] SURF providers are not dependent on purchases of subsea ROV systems from FMC.

- (67) Furthermore, as confirmed in the market investigation,⁵⁹ while subsea ROV systems are key for the installation of umbilicals, risers and flowlines, it is not necessary for them to be owned or operated by the installing company. Many O&G customers procure ROV systems directly rather than via their SURF suppliers.⁶⁰ This is consistent with the fact that while Technip is an important supplier of SURF (with a global market share of [20-30]% and EEA market share of [30-40]% over 2013-2015), its fleet of work-class ROV systems consists of only [20-30] units, or [5-10]% of the total global installed base of approximately [500-600] ROV systems.⁶¹
- (68) Moreover, subsea ROV systems are not a significant cost factor relative to the price of SURF.⁶² Therefore, even if the merged entity had the ability to foreclose access to work class subsea ROV systems (e.g. in case alternative sources of supply would not exist), doing so would not significantly raise its competitors' costs or restrict their ability to compete on the SPS market, which implies that the extent to which downstream sales would be diverted to the merged entity is limited. The merged entity therefore would not have an incentive to engage in input foreclosure.
- (69) Regarding the upstream market, no customer foreclosure concerns arise as the downstream entity is not an important customer. As mentioned above, Technip is one of the smallest purchasers of work class ROV systems representing only [5-10]% of the estimated total global installed base. It has only purchased [20-30] work class subsea ROV systems in the last 10 years and [0-5] in 2015 and 2016.⁶³
- (70) For these reasons, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the integration of the subsea ROV systems and SURF activities of the Parties as a result of input or customer foreclosure.

5.2.3. *Subsea manipulator arms – SURF*

- (71) FMC, through its Schilling Robotics business, sells subsea manipulator arms to SURF providers including Technip, among others. The majority of its sales are to independent ROV service providers, such as [...]. Other sales are to subsea equipment companies, such as [...], which rent subsea manipulator arms to companies providing ROV services and SURF, and ROV system suppliers, such as [...], who compete with Schilling.

5.2.3.1. The Notifying Parties' view

- (72) The Parties submit that the new entity will neither have the ability nor incentive to foreclose downstream competitors for SURF because (i) subsea manipulator arms

⁵⁹ Responses to questionnaire to competitors, question 23.1.

⁶⁰ Responses to questionnaire to customers, question 6.

⁶¹ Form CO, paragraph 252.

⁶² Form CO, Annex 7: the total value of subsea ROV systems sold in the period 2013-2015 in the EEA represents 3% of the total value of SURF over the same period.

⁶³ Form CO, paragraph 252.

are only a small input into SURF; (ii) there are alternative suppliers and entry can be sponsored; (iii) if FMC were to stop selling to downstream SURF providers, they would have to close the market as the majority of sales are to independent service providers who subsequently rent them; (iv) any attempt to increase price would ultimately harm the relationship with other suppliers and customers of the new entity; (v) ROV systems are a bigger market than manipulator arms, and the latter are generally purchased with the former; and (vi) [...], FMC has never foreclosed on a customer and the transaction does not change any incentives.

- (73) The Parties also submit that the new entity will also neither have the ability nor incentive to foreclose upstream competitors of subsea manipulator arms as Technip is a small purchaser of subsea manipulator arms.

5.2.3.2. The Commission's assessment

- (74) FMC has a high share of the market for subsea manipulator arms, of [90-100]% at both global and EEA level, however the Commission considers that its ability to foreclose SURF competitors is limited.

- (75) First, subsea manipulator arms are a minimal input into SURF provision, both in terms of their significance and their cost. SURF providers that own and operate ROV fleets account for a small percentage of the overall purchases of subsea manipulator arms, with the majority of sales being made to independent ROV system providers,⁶⁴ subsea equipment companies⁶⁵ and ROV system suppliers.⁶⁶ Since 2013, Schilling has sold only [10-20] subsea manipulator arms to SURF providers other than Technip in the EEA.⁶⁷ In terms of costs, subsea manipulator arms represent significantly less than 1% of the cost of a SURF project, and often less than 0.1%.⁶⁸ It therefore appears that subsea manipulator arms do not have a crucial impact on SURF providers' ability to compete and the merged entity would not be able to use the small and infrequent sales to foreclose other SURF providers.

- (76) Second, even if the merged entity were to refuse supplying manipulator arms to its SURF competitors post-Transaction, this would not necessarily prevent the latter from gaining access to these tools. As mentioned above, many SURF competitors purchase subsea ROV services, including manipulator arms, from ROV service providers like Oceaneering, Fugro, Canyon Offshore rather than operating their own ROV fleet.⁶⁹ Alternatively, SURF providers have the option of renting subsea manipulator arms or complete subsea ROV systems from subsea

⁶⁴ Independent ROV service providers, such as Oceaneering, Fugro, Delta Subsea, C-Innovation, Bourbon and IKM, service a variety of O&G companies' ROV needs, including SURF, SPS and offshore facilities EPCI, using their own ROV fleets. Form CO, paragraph 261.

⁶⁵ Subsea equipment companies, such as Seatronics, Norwegian Offshore Rental, Ashtead Technology and Innova rent subsea manipulator arms to companies providing ROV services, including those involved in SURF. Form CO, paragraph 261.

⁶⁶ ROV system suppliers, such as Forum, SMD and Kystdesign, sell ROV systems equipped with subsea manipulator arms in competition with Schilling. Form CO, paragraph 261.

⁶⁷ Form CO, paragraph 280.

⁶⁸ Form CO, paragraph 284.

⁶⁹ Form CO, paragraph 288. Responses to questionnaire to competitors, question 28.

equipment companies like Norwegian Offshore Rental, Seatronics, Ashtead Technology or Innova.⁷⁰

- (77) This also implies that FMC would have to stop all sales to the ROV service providers in order to foreclose SURF providers and this would effectively mean shutting down their entire subsea manipulator arm business. Therefore it does not appear that the merged entity would have the incentive to engage in an input foreclosure strategy.
- (78) Regarding upstream foreclosure, no customer foreclosure concerns arise as the downstream entity is not an important customer. Technip [...] is one of the smallest purchasers of subsea manipulator arms, representing approximately [0-5]% of the total demand for subsea manipulator arms over the past four years.⁷¹
- (79) For these reasons, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the integration of the subsea ROV systems and SURF activities of the Parties as a result of input or customer foreclosure.

5.2.4. *Offshore loading systems – Offshore facilities EPCI*

- (80) FMC supplies offshore loading systems and Technip purchases offshore loading systems that O&G customers select in the context of the offshore facilities EPCI services it provides.

5.2.4.1. The Notifying Parties' view

- (81) The Parties submit that the new entity will neither have the ability nor the incentive to foreclose downstream competitors of offshore facilities EPCI because (i) there are other suppliers and entry can be sponsored; (ii) O&G customers select the offshore loading supplier; (iii) it is a minor input cost; and (iv) any attempt to increase price would ultimately harm the relationship with other suppliers and customers.
- (82) The Parties also submit that the new entity will also neither have the ability nor the incentive to foreclose upstream competitors of offshore loading systems because (i) the O&G customer typically dictates the loading systems supplier and (ii) there are several strong competitors in the market for offshore facilities EPCI who purchase offshore loading systems.

5.2.4.2. The Commission's assessment

- (83) The Commission considers that the merged entity does not have the ability to foreclose access to offshore loading systems. No sales of offshore loading systems have taken place in the last 3 years in the EEA. At global level, FMC had a market share of [80-90]% in value ([50-60]% in volume) on average between 2013 and 2015. Its competitors are EMCO Wheaton, Kanon, Orwell and Kverneland Aqua.⁷² There are therefore alternative suppliers to which EPCI

⁷⁰ Form CO, paragraph 290.

⁷¹ Form CO, paragraph 325.

⁷² The latter three identified by the market investigation.

providers can resort in the event the merged entity increased prices or refused to supply them.

- (84) Second, offshore loading systems are not a substantial component of the total cost of the provision of offshore facilities EPCI. For example, an offshore loading system represents only between 0.5% to 2% of the cost of an entire floating liquefied natural gas (FLNG) facilities project.⁷³ Thus, an increase in the prices of offshore loading systems would not lead to a significant increase in competitors' costs, and is unlikely to divert contracts from other suppliers of offshore facilities EPCI to the merged entity.
- (85) Third, typically O&G customers specifically identify the offshore loading supplier that they want to use in their offshore facilities EPCI project. Hence, the merged entity would not be in a position to refuse to sell their offshore loading systems to the O&G company's selected offshore facilities EPCI provider, as this would only forgo significant commercial opportunities. Furthermore, FMC has framework agreements with some O&G companies, such as for example [...], and is required to supply offshore loading systems under these contracts regardless of the identity of the offshore facilities EPCI provider.⁷⁴
- (86) Regarding customer foreclosure, the Commission considers that the merged entity does not have the ability to foreclose competing offshore loading systems suppliers. As mentioned above, typically the offshore facilities EPCI provider does not decide upon the offshore loading systems supplier; it is selected by the O&G (end customer) company. Additionally, Technip has had an average market share in the period 2013-2015 of [5-10]% in the EEA and [10-20]% globally. There are several strong competitors of Technip in the market for offshore facilities EPCI, such as Kvaerner, having an average market share between 2013 and 2015 of [10-20]% in the EEA, SHI (World: [10-20]%; EEA: [5-10]%), HHI (World: [10-20]%; EEA: [5-10]%), Saipem (World: [10-20]%) and Aker (EEA: [5-10]).⁷⁵ Hence, there is a sufficient customer base for upstream offshore loading system suppliers to sell their products.
- (87) For these reasons, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the integration of the offshore loading systems and offshore facilities EPCI as a result of input or customer foreclosure.

5.2.5. *Onshore loading systems – Onshore facilities EPC*

- (88) FMC supplies onshore loading systems and Technip purchases onshore loading systems that O&G customers select in the context of the onshore facilities EPC services it provides.

5.2.5.1. The Notifying Parties' view

- (89) The Parties state that the new entity will neither have the ability nor incentive to foreclose downstream competitors of onshore facilities EPC because (i) there are several players in the market; (ii) onshore loading is a minimal cost of an overall

⁷³ Form CO, paragraph 330.

⁷⁴ Form CO, paragraph 331.

⁷⁵ Form CO, Annex 7.

onshore project; and (iii) any attempt to increase price would ultimately harm the relationship with other suppliers and customers.

- (90) The Parties also state that the new entity will also neither have the ability nor incentive to foreclose upstream competitors of onshore loading systems, as there is a large base for loading system suppliers to sell their products.

5.2.5.2. The Commission's assessment

- (91) The Commission considers that the merged entity does not have the ability to foreclose access to onshore loading systems. First, whilst FMC had an average market share of [30-40]% both worldwide and in the EEA between 2013 and 2015, there are other suppliers of onshore loading systems such as Kanon (World: [20-30]%; EEA: [10-20]%), SVT (World: [5-10]%, EEA: [10-20]%), and EMCO Wheaton (World: [10-20]%, EEA: [20-30]%), among others. There are therefore alternative suppliers to which EPCI providers can resort in the event the merged entity increased prices or refused to supply them.
- (92) Second, onshore loading systems are not a substantial component of the total cost of the provision of onshore facilities EPC. In fact, they typically cost less than 1% of the overall cost of onshore projects. Thus, an increase in the prices of offshore loading systems would not lead to a significant increase in competitors' costs, and is unlikely to divert contracts from other suppliers of onshore facilities EPC to the merged entity.
- (93) Regarding customer foreclosure, the Commission considers that the merged entity does not have the ability to foreclose competing onshore loading systems suppliers. Technip's market share was [0-5]% worldwide and [0-5]% in the EEA, and there are multiple competitors of Technip in the market for onshore facilities EPC: worldwide, between 2013 and 2015, the market leader was Fluor with a market share of [10-20]%; its EEA market share was [5-10]%. Other suppliers include Petrofac (World: [5-10]%; EEA: [0-5]%), Tecnicas Reunidas (World: [5-10]%; EEA: [0-5]%), CB&I (World: [5-10]%), JGC (World [0-5]%), Linde (EEA: [0-5]%), TGE Engineering (EEA: [0-5]%). Hence, there is a sufficient customer base for upstream onshore loading system suppliers to sell their products.

5.2.6. Conglomerate effects

- (94) FMC and Technip are present in neighbouring markets and supply complementary products and services to O&G customers. The main such services are SPS (supplied by FMC) and SURF (supplied by Technip). Technip also supplies umbilicals separately from SPS, thus these can also be considered neighbouring markets. Finally, as described in section 5.2.2 above, a share of subsea ROV systems are purchased directly by O&G customers thus these products can also be considered as in a neighbouring market to SURF.

5.2.6.1. The Notifying Parties' view

- (95) The Parties state that the merged entity would neither have the ability to foreclose nor the incentive to bundle/tie-in products in any market because (i) the merged entity will not have significant market power; (ii) there are blocks of alliances in

the industry; (iii) the products are flexible; (iv) there is strong buyer power; and (v) the Parties would not benefit from tying or bundling of products.

5.2.6.2. The Commission's assessment

(96) The Commission does not consider that the merger would lead to conglomerate effects in respect of SPS and SURF, SPS and umbilicals, subsea ROV systems and SURF.

(97) First, as described above, on each of the markets in question, the merged entity faces competition from established suppliers:

- on the SPS market, FMC had an average market share of [40-50]% worldwide and [20-30]% at EEA level between 2013 and 2015 and it competes with other important suppliers like Schlumberger/Cameron (EEA: [20-30]%), GE (EEA: [20-30]%) or Aker (EEA: [20-30]%)

- on the SURF market Technip had a global market share of [20-30]% and EEA market share of [30-40]% over 2013-2015, and it competes with Subsea 7 (EEA: [30-40]%), Bibby Offshore (EEA: [5-10]%) and other suppliers like EMAS, Allseas, JDR, Oceaneering, Aker etc.

- on umbilicals, Technip's average market share was of [30-40]% globally and [50-60]% in the EEA, and it competes with Oceaneering (World: [20-30]%; EEA: [10-20]%), Aker (World: [20-30]%; EEA: [5-10]%), Nexans (World: [0-5]%; EEA: [10-20]%) Prysmian (World: [5-10]%) and JDR (EEA: [10-20]%).

- on subsea ROV systems, FMC had a market share of [30-40]% worldwide and [30-40]% in the EEA and it competes with Forum Energy Technologies (World: [20-30]%; EEA: [30-40]%), SMD (World: [10-20]%; EEA: [10-20]%), Oceaneering (World: [20-30]%), Fugro Subsea Services (World: [0-5]%; EEA: [10-20]%) and Krystdesign (World: [0-5]%; EEA: [5-10]%).

(98) Second, there are already a number of competitors, joint ventures or alliances that offer similar ranges of services as the Parties, including SPS and SURF, and which could therefore be able to compete with the merged entity on bundled or tied products and services. For instance, Schlumberger acquired Cameron, Aker Solutions has a strategic alliance in place with Baker Hughes and Saipem, while GE and McDermott set up a joint venture combining their engineering services in the subsea area.⁷⁶ These blocks offer integrated solutions of SPS and SURF, including SPS and umbilicals, and while some customers are interested in them, others prefer to purchase these products and services on a stand-alone basis. This was confirmed in the market investigation. The majority of O&G customers surveyed indicated that they purchase SPS and SURF separately from other products or services,⁷⁷ and also that they expect that these products and services will continue to be available on a stand-alone basis post-Transaction.⁷⁸

(99) In this context, the Commission also takes into account the fact that O&G customers procure subsea equipment and services through tenders. Customers

⁷⁶ Form CO, paragraph 364.

⁷⁷ Responses to questionnaire to customers, question 37.

⁷⁸ Responses to questionnaire to customers, question 39.

decide which products and solutions they need and then seek bids from a number of suppliers; they generally require providers to be flexible and capable of adapting their offering to the specific demands of a project. This limits the merged entity's ability to tie or bundle the products. Furthermore, tenders are organised infrequently and are of a high value, which also limits its incentive to engage in foreclosure strategies that would reduce chances of winning a project.

5.2.7. Conclusion on the non-horizontal effects

(100) Therefore, based on the market investigation and the above, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market.

6. CONCLUSION

(101) 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 and Article 57 of the EEA Agreement.

For the Commission

(Signed)

Margrethe VESTAGER

Member of the Commission