

*Case No IV/M.920 -
SAMSUNG / AST*

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

Article 6(1)(b) NON-OPPOSITION
Date: 26/05/1997

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.05.1997

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties.

Dear Sirs,

Subject: Case No IV/M.920 - SAMSUNG/AST

Notification of 28.04.1997 pursuant to Article 4 of Council Regulation N° 4064/89

1. On 22.04.1997, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertaking Samsung Electronics Co., Ltd (Samsung) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of AST Research, Inc. (AST) by way of public bid announced on 14.04.1997. On 28.04.1997 the notification became effective as at that date complete information was received by the Commission.
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 SAMSUNG : Manufacturing and sale of electronic goods, communication facilities, semiconductors, telecommunication equipment and other similar products.

for AST Research : Design, manufacture, marketing, service and support of personal computers.

4. The business being acquired includes the manufacture and sale of personal computers, which is a business in which both parties participate. Samsung currently owns approximately 45.5% of the voting shares of AST and also holds an option for the purchase of an additional 4%. Through the proposed operation it intends to acquire all of the remaining outstanding shares of AST.
5. The notifying parties admit that Samsung had already acquired control of AST in January 1996. The Commission has verified that the acquisition of control of AST by Samsung, in the meaning of Article 3(3) of the Merger Regulation, dates back to at least January 1996, when, according to information provided by the parties, for the first time Samsung, by exercising its voting rights, appointed a majority of the members of AST Board of Directors. The Commission will therefore consider the possibility of imposing fines for the parties' late filing, pursuant to Article 14 of the Merger Regulation.

II. COMMUNITY DIMENSION

6. The parties have a combined aggregate worldwide turnover in excess of ECU 5,000 million (Samsung, ECU 14,813 million; and AST, ECU 1,629 million). Each of them has a Community-wide turnover in excess of ECU 250 million (Samsung, ECU [...] million; and AST, ECU [...] 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. COMPETITIVE ASSESSMENT

A. Relevant product market(s)

7. The notifying parties state that there is a relevant product market for personal computers. Personal computers are general purpose, single user computer systems for professional or private use, providing users with an individual microprocessor, as well as individual random access memory and storage capabilities. It cannot be excluded that personal computers can be differentiated on the basis of either individual system specifications or other functional characteristics. It could also be argued that personal computers are part of a wider computer systems' market. Nevertheless, for the purposes of this case it is not necessary to further delineate the relevant product market because, in all alternative market definitions considered,

¹ Deleted - business secret

² Deleted - business secret

effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market(s)

8. The notifying parties state that the relevant geographic market is worldwide. Given the small transport costs relative to price, the similarity of consumer preferences, product specifications and patterns of sales of major manufacturers throughout EEA countries, the relevant geographic market appears to be at least EEA-wide. However, it is not necessary to further delineate the relevant geographic market 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

9. According to data provided by the parties, AST's market share at EU level is approximately [...] %³, whereas Samsung's has only negligible sales within the EU ([...] %⁴), so as that there will be virtually no overlap resulting from the proposed operation. Furthermore, whatever the geographic dimension of the relevant product market for personal computers, there are no affected markets in the meaning of Form CO, since in any event the parties' combined market share will not amount to 15%, as measured within the EEA or EU as a whole or in any individual Member State. Apart from a slight decrease of AST's market share, the parties' combined market position has not changed significantly over the last three years.
10. Although Samsung also has activities in the upstream markets for semiconductors and monitors, on the basis of information provided by the parties neither of these markets is an affected market in the meaning of Form CO, since for both products Samsung's share of total sales within the European Community as a whole is below 20%.
11. In view of the market position of the parties to the concentration, 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.

³ Deleted - business secret

⁴ Deleted - business secret

IV. CONCLUSION

12. 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,