EUROPEAN COMMISSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Brussels, 06.08.2018
C(2018) 5463 final

PUBLIC VERSION

To the Notifying Party

Subject: **Case M.8949 – Tenneco / Federal Mogul**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 3 July 2018, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Tenneco Inc. ("Tenneco", USA) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Federal-Mogul ("FDML", USA).[3] Tenneco and FDML are designated hereinafter as the "Parties", and Tenneco individually as the "Notifying Party".

1. THE PARTIES

(2) Tenneco manufactures and distributes components for motor vehicles, in particular clean air and ride performance products, for both original equipment

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 243, 11.07.2018, p. 11.

Commission européenne, DG COMP MERGER REGISTRY, 1049 Bruxelles, BELGIQUE
Europese Commissie, DG COMP MERGER REGISTRY, 1049 Brussel, BELGIË

Tel: +32 229-91111. Fax: +32 229-64301. E-mail: COMP-MERGER-REGISTRY@ec.europa.eu.

manufacturers ("OEM") and the repair and replacement independent aftermarkets ("IAM") worldwide.

(3) Federal-Mogul manufactures and supplies components for motor vehicles, rail and other applications, in particular engine, transmission and driveline components as well as brake friction material, chassis components, sealing components and wiper products worldwide.

2. THE OPERATION

(4) Under the terms of the Membership Interest Purchase Agreement, dated 10 April 2018, Tenneco will acquire all of the issued and outstanding membership interests of FDML ("the Transaction").

3. THE CONCENTRATION

(5) The Transaction represents an acquisition of sole control within the meaning of Article 3(1)(b) of the Merger Regulation by Tenneco over FDML.

4. EU DIMENSION

(6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million[4] (Tenneco: 8 207 million, Federal-Mogul: EUR 6 968 million). Each of them has an EU-wide turnover in excess of EUR 250 million (Tenneco: EUR […] million, Federal-Mogul: EUR […] million), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

(7) The notified operation therefore has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

5. MARKET DEFINITION

(8) The Transaction involves the manufacturing and supply of various automotive components sector where both Parties are active.

Market for the manufacturing and supply of automotive components

5.1. Product market definition

(9) The Commission has in the past defined the manufacturing and supply of automotive components as a separate product market on a product-by-product basis (each individual automotive component constituting a separate product market).[5]

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4 Turnover calculated in accordance with Article 5 of the Merger Regulation and the Commission Consolidated Jurisdictional Notice.

5 See e.g. Case COMP/M.8198 – Alliance Automotive Group/ FPS Distribution (belts); Case COMP/M.7420 – ZF / TRW (chassis components, shock absorbers, steering components and others);

(10) The Commission has further segmented the relevant markets by reference to: (i) the vehicles for which the product is supplied, distinguishing between (a) components for light vehicles ("LVs"), including passenger cars and light commercial vehicles, and (b) heavy commercial vehicles ("HCVs")[6], and (ii) the distribution channel to which the product is supplied, distinguishing between (a) products for the OEM, including products for the original equipment services ("OES"), and (b) products for the IAM.[7]

(11) The Parties do not contest the Commission's case practice which is therefore retained for this case. With regard to all product markets except bushings, axial joints and strut mounts (which were not part of the precedent), the market definitions considered in the present case are the same narrowest plausible relevant market definitions that were considered in COMP/M.7420 - ZF/ TRW, the most relevant precedent with regard to the products subject to this Transaction. On this basis, the Parties submit that the Transaction leads to affected markets only on the following eight product markets:[8]

Control arms for LVs in the IAM

(12) Control arms are connecters, which attach to a vehicle's rigid frame, i.e. chassis at one end and the wheel at the other. Control arms "control" the up and down movement of a vehicle's wheels, for example when the vehicle goes over a bump on the road surface. They allow the wheel to move up and down while preventing forward and rearward movement, and supporting the vehicle against braking and cornering forces.

Ball joints for LVs in the IAM

(13) Suspension ball joints form part of the connection between the wheels of a vehicle and the chassis. Suspension ball joints allow a wheel to pivot during turning, while remaining securely fixed to the vehicle's chassis. Suspension ball joints are connected to control arms, which are connected to the chassis frame.

Bushings for LVs in the IAM

(14) A bush or bushing provides an interface between two parts, damping the energy transmitted through the bushing. A common application is in vehicle suspension systems, where a bushing made of rubber (or, more often, synthetic rubber or polyurethane) separates the faces of two metal objects while allowing a certain degree of movement.

Case COMP/M.7400 – Federal-Mogul Corporation/ TRW Engine Components (engine valves); Case COMP/M.4456 Mahle/ Dana EPG (connecting rod bearings and pistons rings); COMP/M.3972 - TRW Automotive / Dalphi Metal Espana (airbags and steering wheels); COMP/M.2535, Sogefi / Filtrauto (filters); COMP/M.2939, JCI / Bosch / VB Autobatterien JV (starter batteries).

6 See e.g. Case COMP/M.8198 – Alliance Automotive Group/ FPS Distribution; Case COMP/M.7400 – Federal-Mogul Corporation/ TRW Engine Components.

7 See e.g. Case COMP/M.8198 – Alliance Automotive Group/ FPS Distribution; Case COMP/M.7420 - ZF/ TRW, Case COMP/M.7400 – Federal-Mogul Corporation/ TRW Engine Components.

8 With regard to all product markets except bushings, axial joints and strut mounts (which were not part of the precedent), the market definitions considered in the present case are either the same narrowest plausible relevant market definitions that were considered in COMP/M.7420 - ZF/ TRW or even narrower.

Tie rod ends for LVs in the IAM

(15) Tie rod ends (also referred to as "outer tie rods") are the connection between the axial joint and the wheels, transmitting force from the steering gear, which amplifies the steering command received from the driver's wheel, to the steering knuckle or hub upon which the wheel is mounted. It is one of the major pivots in the steering system, causing the wheels to turn.

Axial joints for LVs in the IAM

(16) Axial joints (also referred to as "inner tie rods" or "axial rods") are steering parts that form the connection between the steering rack/gear and tie rod end. They transmit axial forces to the tie rod end and allow the wheels to turn.

Complete tie rods for LVs in the IAM

(17) Tie rods are rigid connectors forming the link between the individual wheels and the steering control mechanism. A conventional tie rod is essentially straight, and has ball joints at each end. Tie rods are responsible for transferring steering commands to the wheels and ensuring that the wheels turn together.

Stabiliser links for LVs in the IAM

(18) Stabiliser links connect wheels on opposite sides of a vehicle and force the wheels and suspension to rise or fall to roughly the same height when cornering. This ensures that the sides of the vehicle move up and down together, instead of independently (i.e., "swaying"), which could compromise a vehicle's handling and stability.

Strut mounts for LVs in the IAM

(19) Strut mounts attach the suspension strut to the body of the vehicle. Strut mounts are rubber-metal components that connect the strut to the vehicles chassis, whilst also insulating against the noise and vibrations from the wheels. The strut mount includes a bearing, which allows the shock absorber to rotate, as the wheels of the vehicle are turned. The bearing also enables spring rotation during normal suspension movements and transmits suspension loads to chassis. A strut performs two main functions: a shock damping function like shock absorbers and in addition, struts provide structural support for the vehicle's suspension.

5.2. Geographic market definition

(20) The Commission has in the past concluded that the market for the manufacture and supply of individual automotive components for the IAM was at least national (with a possible trend to EEA-wide markets).[9]

(21) The Parties argue that the market for the manufacture and supply of individual automotive components in the IAM is increasingly EEA-wide, because of low transportation costs, global supply relationships, increasing centralised purchasing by customers and a 'one-stop-shop' for homologation in the EEA.

9 See e.g. Case COMP/M.8198 – Alliance Automotive Group/ FPS Distribution; COMP/M.7420 - ZF/ TRW. As an exception, for plastic front and rear bumpers, the geographic scope was defined as regional (COMP/M.7893 – Plastic Omnium/Faurecia Exterior Automotive Business).

However, the Parties submit that in any event the precise market definition can be left open in the absence of any meaningful overlaps.

(22) The Commission considers that it is not needed to conclude on geographic market definition for the IAM market as the Transaction will not generate competition concerns under any plausible market definition.

6. COMPETITIVE ASSESSMENT

Horizontal: non coordinated effects

(23) While both Parties are active on the manufacturing and supply of various automotive components sector, the Parties have to large extent complementary product portfolios in the EEA. The Transaction only leads to horizontally affected markets in the manufacturing and supply of automotive components for LVs in the IAM when considering national markets. On EEA-wide markets, the Transaction would not lead to any affected markets, as the combined market shares of the Parties would remain below 20% on any product market.[10]

(24) Tenneco's main activities focus on clean air[11] and ride performance[12] products; FDML's main activities focus on powertrain[13] and motorpart[14] products. In the EEA, each of the Parties is active in the supply in the IAM of: (i) suspension products for LVs; (ii) steering products for LVs and (iii) strut mounts for LVs.

(25) Although the Transaction is largely complementary, the Transaction gives rise to the following 37 affected national markets in the EEA based on 2017 market share data.[15]

10 In accordance with Annex 1 to the Implementing Regulation (EC) No. 802/2004, Section 6.3.

11 Tenneco designs, manufactures and distributes a variety of exhaust system products and systems designed to reduce pollution and optimise engine performance, acoustic tuning and weight.

12 Ride performance products primarily comprise advanced suspension technologies that deliver performance, comfort and power to vehicles.

13 FDML main products in the powertrain segment including pistons, piston rings, cylinder liners, valve seats and guides, engine valves, bearings, bushings and washings, ignition products, seals and gasket heat shields.

14 FDML main products of FDML's Motorparts division are brake pads, brake lining, brake blocks, chassis parts, driveline universal joints, gaskets and seals wipers, filters engine components ignition products and lighting products.

15 For several product markets in Belgium, the Parties also provided adjusted market shares, reflecting their understanding that some Belgian distributors would re-export to other Member States. However, for the purpose of this assessment, the demand side consists of distributors based in Belgium. Therefore, this Decision relies only on non-adjusted market shares in Belgium.

Suspension products

a. manufacturing and supply of control arms for LVs in the IAM in Belgium, Estonia, France, Hungary, Italy, Malta and Portugal;

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
Belgium (original)	[0-5]%	[50-60]%	[50-60]%	[3500-4000]	[5-10]	[0-5]%	[50-60]%	[50-60]%	[3500-4000]	[10-20]
Belgium (adjusted)	[0-5]%	[30-40]%	[30-40]%	[2000-2500]	[5-10]	[0-5]%	[30-40]%	[30-40]%	[2000-2500]	[10-20]
Estonia	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[30-40]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[30-40]
France	[5-10]%	[20-30]%	[20-30]%	[1500-2000]	[250-260]	[5-10]%	[20-30]%	[30-40]%	[1500-2000]	[280-290]
Hungary	[5-10]%	[10-20]%	[20-30]%	[2000-2500]	[250-260]	[5-10]%	[10-20]%	[20-30]%	[2000-2500]	[240-250]
Italy	[0-5]%	[10-20]%	[20-30]%	[1500-2000]	[120-130]	[0-5]%	[10-20]%	[20-30]%	[1500-2000]	[110-120]
Malta	[5-10]%	[20-30]%	[30-40]%	[1500-2000]	[250-260]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[230-240]
Portugal	[0-5]%	[10-20]%	[20-30]%	[1500-2000]	[140-150]	[5-10]%	[10-20]%	[20-30]%	[1500-2000]	[160-170]

Source: Parties' best internal estimates

b. manufacturing and supply of ball joints for LVs in the IAM in Belgium, Estonia, France, Hungary, Malta and Poland;

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
Belgium	[0-5]%	[40-50]%	[40-50]%	[2500-3000]	[0-5]	[0-5]%	[40-50]%	[40-50]%	[2500-3000]	[5-10]
Belgium (adjusted)	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[0-5]	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[0-5]
Estonia	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[20-30]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[20-30]
France	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[210-220]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[210-220]
Hungary	[0-5]%	[10-20]%	[20-30]%	[2500-3000]	[170-180]	[0-5]%	[10-20]%	[20-30]%	[2500-3000]	[160-170]
Malta	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[130-140]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[80-90]
Poland	[0-5]%	[20-30]%	[30-40]%	[2000-2500]	[150-160]	[0-5]%	[20-30]%	[30-40]%	[2000-2500]	[140-150]

Source: Parties' best internal estimates

c. manufacturing and supply of bushings for LVs in the IAM in Belgium, and Ireland;

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
Belgium	[0-5]%	[20-30]%	[20-30]%	[3000-3500]	[0-5]	[0-5]%	[20-30]%	[20-30]%	[3000-3500]	[5-10]
Belgium (adjusted)	[0-5]%	[10-20]%	[10-20]%	[2000-2500]	[0-5]	[0-5]%	[10-20]%	[10-20]%	[2000-2500]	[0-5]
Ireland	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[20-30]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[20-30]

Source: Parties' best internal estimates

Steering products

d. manufacturing and supply of tie rod ends for LVs in the IAM in Estonia, France, Hungary,[16] Malta and Poland;

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
Estonia	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[10-20]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[10-20]
France	[5-10]%	[20-30]%	[20-30]%	[2000-2500]	[250-260]	[5-10]%	[20-30]%	[30-40]%	[2000-2500]	[270-280]
Hungary	[0-5]%	[10-20]%	[20-30]%	[2000-2500]	[140-150]	[0-5]%	[10-20]%	[10-20]%	[2000-2500]	[130-140]
Malta	[5-10]%	[20-30]%	[20-30]%	[1500-2000]	[250-260]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[200-210]
Poland	[0-5]%	[20-30]%	[30-40]%	[2000-2500]	[150-160]	[0-5]%	[20-30]%	[30-40]%	[2000-2500]	[140-150]

Source: Parties' best internal estimates

16 The market for the manufacturing and supply of tie rod ends for LVs in the IAM in Hungary is only affected if the market share is calculated on the basis of volume and is not affected if the market share is calculated on the basis of value.

e. manufacturing and supply of axial joints for LVs in the IAM in Belgium, Estonia, France, Malta and Poland;

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
Belgium	[0-5]%	[40-50]%	[40-50]%	[3000-3500]	[5-10]	[0-5]%	[40-50]%	[40-50]%	[3000-3500]	[5-10]
Belgium (adjusted)	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[5-10]	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[0-5]
Estonia	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[10-20]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[5-10]
France	[5-10]%	[20-30]%	[20-30]%	[2000-2500]	[250-260]	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[230-240]
Malta	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[60-70]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[50-60]
Poland	[0-5]%	[20-30]%	[30-40]%	[2000-2500]	[280-290]	[0-5]%	[20-30]%	[30-40]%	[2000-2500]	[250-260]

Source: Parties' best internal estimates

f. manufacturing and supply of complete tie rods for LVs in the IAM in France and Poland;

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
France	[5-10]%	[20-30]%	[20-30]%	[2000-2500]	[330-340]	[5-10]%	[20-30]%	[20-30]%	[2000-2500]	[330-340]
Poland	[0-5]%	[10-20]%	[20-30]%	[1500-2000]	[110-120]	[0-5]%	[10-20]%	[20-30]%	[1500-2000]	[90-100]

Source: Parties' best internal estimates

g. manufacturing and supply of stabiliser links for LVs in the IAM in Belgium, Estonia, France, Hungary, Malta and Poland; and

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value (%)	Post-merger HHI	Delta
Belgium	[0-5]%	[40-50]%	[40-50]%	[3000-3500]	[0-5]	[0-5]%	[40-50]%	[40-50]%	[3000-3500]	[0-5]
Belgium (adjusted)	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[0-5]	[0-5]%	[20-30]%	[20-30]%	[2000-2500]	[0-5]
Estonia	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[50-60]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[50-60]
France	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[210-220]	[5-10]%	[20-30]%	[20-30]%	[1500-2000]	[240-250]
Hungary	[5-10]%	[10-20]%	[20-30]%	[2000-2500]	[210-220]	[5-10]%	[10-20]%	[20-30]%	[2000-2500]	[220-230]
Malta	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[150-160]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[140-150]
Poland	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[180-190]	[0-5]%	[20-30]%	[20-30]%	[1500-2000]	[190-200]

Source: Parties' best internal estimates

Strut mounts

h. manufacturing and supply of strut mounts for LVs in the IAM in Belgium, France, the Netherlands and Poland.

EEA State	Tenneco estimated market share by volume (%)	FDML estimated market share by volume (%)	Estimated combined market share by volume (%)	Post-merger HHI	Delta	Tenneco estimated market share by value (%)	FDML estimated market share by value (%)	Estimated combined market share by value(%)	Post-merger HHI	Delta
Belgium	[50-60]%	[0-5]%	[50-60]%	[3000-3500]	[5-10]	[50-60]%	[0-5]%	[50-60]%	[3000-3500]	[10-20]
Belgium (adjusted)	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[5-10]	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[5-10]
France	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[0-5]	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[0-5]
Netherlands	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[0-5]	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[0-5]
Poland	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[10-20]	[20-30]%	[0-5]%	[20-30]%	[1500-2000]	[20-30]

Source: Parties' best internal estimates

6.1. IAM markets in Belgium, Estonia, Hungary, Italy, the Netherlands and Portugal

(26) When assessing the market structure of the affected markets in more detail, the data presented shows that in several markets the Parties' combined market share is so low that the markets are only marginally affected.[17] This is true for markets for manufacturing and supply of control arms for LVs in the IAM in Hungary, Italy and Portugal; the market for manufacturing and supply of ball joints for LVs in the IAM in Hungary; the markets for manufacturing and supply of bushings for LVs in the IAM in Belgium and Ireland; the markets for manufacturing and supply of tie rod ends for LVs in the IAM in Estonia and Hungary; the market for manufacturing and supply of axial joints for LVs in the IAM in Estonia; the market for manufacturing and supply of complete tie rods for LVs in the IAM in Poland; the market for manufacturing and supply of stabilizer links for LVS in the IAM in Hungary; and the market for manufacturing and supply of strut mounts for LVs in the IAM in the Netherlands.

(27) Furthermore, in the markets for manufacturing and supply of control arms for LVs in the IAM in Belgium and Estonia; the markets for manufacturing and

17 With combined market shares of the Parties not exceeding [20-30]%.

supply of ball joints for LVs in the IAM in Belgium and Estonia; the markets for manufacturing and supply of bushings for LVs in the IAM in Belgium and Ireland; the market for manufacturing and supply of tie rod ends for LVs in the IAM in Estonia; the markets for manufacturing and supply of axial joints for LVs in the IAM in Belgium, Estonia and Malta; the markets for manufacturing and supply of stabilizer links for LVS in the IAM in Belgium and Estonia; and the markets for manufacturing and supply of strut mounts for LVs in the IAM in Belgium, France, the Netherlands and Poland, the Transaction results only in a minor increment of less than [0-5]% in the Parties combined market share resulting in an insignificant increase in market concentration. In this respect, the Commission notes that in Belgium, where in some product markets either FDML or Tenneco already has a strong market position, the increment brought by Tenneco, respectively FDML, is *de minimis* with less than [0-5]%. These *de minimis* increments also apply to all affected national markets with regard to the manufacturing and supply of bushings for LVs in the IAM and the manufacturing and supply of strut mounts for LVs in the IAM.

(28) According to the information available to the Commission, the Transaction does not involve a potential or recent entrant in any of the markets, nor could one of the Parties be considered as an important innovator. The Commission is also not aware of any significant cross-shareholdings of the market participants in any of the markets, nor of the fact that one of the Parties can be considered a maverick firm with a high likelihood of disrupting coordination in any of these markets or any past or ongoing coordination or facilitating practices in any of the markets. This appears to be confirmed by the stated rationale of the Transaction which is based on the complementarity of the Parties' businesses, to be re-arranged in two businesses, one focusing on aftermarket and ride performance[18] and one focusing on powertrain technology[19].

(29) As such, this already gives an indication that competition concerns are unlikely to arise from the Transaction in 23 markets[20] which comprise the product markets concerning the manufacturing and supply of strut mounts, ball joints, bushings and stabiliser links, all for LVs in the IAM, and all other affected product markets in the Member States mentioned above.[21]

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18 Combining Tenneco's ride performance business and FDML's motorpart business.

19 Combining Tenneco's clean air business and FDML's powertrain business.

20 These markets are: for markets for manufacturing and supply of control arms for LVs in the IAM in Belgium, Estonia, Hungary, Italy and Portugal; the markets for manufacturing and supply of ball joints for LVs in the IAM in Belgium, Estonia and Hungary; the markets for manufacturing and supply of bushings for LVs in the IAM in Belgium and Ireland; the markets for manufacturing and supply of tie rod ends for LVs in the IAM in Estonia and Hungary; the markets for manufacturing and supply of axial joints for LVs in the IAM in Belgium, Estonia and Malta; the market for manufacturing and supply of complete tie rods for LVs in the IAM in Poland; the markets for manufacturing and supply of stabilizer links for LVS in the IAM in Belgium, Estonia and Hungary; and the market for manufacturing and supply of strut mounts for LVs in the IAM in Belgium, France, the Netherlands and Poland.

21 The Commission notes that in this context, it applied recital 32 of the Merger Regulation, as well as paragraph 6 of the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004 and paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, in order to conclude that competition concerns appear unlikely in relation to these markets.

(30) The Commission further observes that in all these 23 markets large competitors are active, including ZF Group, Sidem, Delphi and Febi Bilstein which are active on almost all or most of the affected markets.

(31) In addition, in none of the affected markets both Parties are among the 4 largest suppliers, only one of the Parties is amongst the 4 largest suppliers on each market. The only exception is Hungary in the manufacturing and supply of control arms and stabiliser links.[22]

(32) For these reasons, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market on the following 23 affected markets:

a. manufacturing and supply of control arms for LVs in the IAM in Belgium, Estonia, Hungary, Italy and Portugal;

b. manufacturing and supply of ball joints for LVs in the IAM in Belgium, Estonia and Hungary;

c. manufacturing and supply of bushings for LVs in the IAM in Belgium, and Ireland;

d. manufacturing and supply of tie rod ends for LVs in the IAM in Estonia, and Hungary;

e. manufacturing and supply of axial joints for LVs in the IAM in Belgium, Estonia and Malta;

f. manufacturing and supply of complete tie rods for LVs in the IAM in Poland;

g. manufacturing and supply of stabiliser links for LVs in the IAM in Belgium, Estonia and Hungary, and

h. manufacturing and supply of strut mounts for LVs in the IAM in Belgium, France, the Netherlands, and Poland.

(33) The remaining 14 affected markets, the markets for manufacturing and supply of control arms for LVs in the IAM in France and Malta; the market for manufacturing and supply of ball joints for LVs in the IAM in France, Malta and Poland; the markets for manufacturing and supply of tie rod ends for LVs in the IAM in France, Malta and Poland; the markets for manufacturing and supply of axial joints for LVs in the IAM in France and Poland; the market for manufacturing and supply of complete tie rods for LVs in the IAM in France; and the markets for manufacturing

[22] However, both the market for manufacturing and supply of control arms and the market for manufacturing and supply of stabiliser links in Hungary are only marginally affected with combined market shares of the Parties of [20-30]% and [20-30]% respectively. In both markets large competitors are active, in particular ZF Group ([10-20]%, respectively [10-20]%), Febi Bilstein ([5-10]%, respectively [10-20]%), Meyle ([5-10]%, respectively [5-10]%) and Ruville ([5-10]%, respectively [5-10]%).

and supply of stabiliser links for LVs in the IAM in France, Malta and Poland are further discussed below in sections 6.2 to 6.7.

6.2. Manufacturing and supply of control arms for LVs in the IAM in France and Malta

6.2.1. France

(34) According to the Parties, the French market of control arms for LVs in the IAM is the third largest in the EEA, behind Germany and Italy, and in 2017 accounted for approximately 14% of the total value of control arms for light vehicles sold in the EEA. Therefore, competition to win key supply contracts in France is strong. The Commission has no indication that this Transaction would significantly reduce such competitive pressure.

(35) On the market for control arms for LVs in the IAM in France, the Parties have a combined market share of [30-40]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco of [5-10]% by value and [5-10]% by volume.

(36) It appears that the transaction will result in the elimination of the fifth market player. It will not alter materially the structure of competition on the market. The Commission considers that the merged entity faces significant competition from several competitors that will remain on the market post-Transaction and are capable of imposing competitive constraints on the Parties. In particular Delphi has a market share of [20-30]%, the ZF Group a market share of [10-20]% and Sidem a market share of [10-20]%, and Febi Bilstein is also active with a [0-5]% market share.

(37) On the basis of the above and all available evidence, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the manufacturing and supply of control arms for LVs in the IAM in France.

6.2.2. Malta

(38) The Parties submit that Malta is the second smallest market in the EEA for the supply of control arms for light vehicles to the IAM as by value, sales made in Malta constitute just 0.06% of total EEA sales 2017 and that in small EEA Member States, such as Malta, market shares have a tendency to vary considerably depending on the outcome of the most recent round of contracting.

(39) On the market for control arms for LVs in the IAM in Malta, the Parties have a combined market share of [20-30]% by value and [30-40]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco of [0-5]% by value and [5-10]% by volume.

(40) It appears that the transaction will result in the elimination of the fifth market player. It will not alter materially the structure of competition on the market. The Commission considers that significant competitive pressure will remain in the market of Malta post-Transaction. Key competitors of the Parties for the

supply of control arms in Malta include in particular the ZF Group, with estimated market shares of approximately [30-40]%, equivalent to the combined market share of the Parties post-Transaction. Other key competitors in Malta include Febi Bilstein with a market share of [5-10]%, Nipparts with a market share of [5-10]% and OCAP with a market share of [0-5]%. The remainder of the market for control arms for light vehicles to IAM customers in Malta is supplied by other players.[23]

(41) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the manufacturing and supply of control arms for LVs in the IAM in Malta.

6.3. Manufacturing and supply of ball joints for LVs in the IAM in France, Malta and Poland

6.3.1. France

(42) The Parties argue that the French market for manufacturing and supply of ball joints for LVs in the IAM is the second largest in the EEA, second only to the United Kingdom, and that competition to win key supply contracts in France is intense, given the value of the market.

(43) The post-Transaction market share of the merged entity will amount to [20-30]% based on value and [20-30]% based on volume, with FDML having a market share of [20-30]% share based on value and volume while Tenneco has a market share of [0-5]% by value and [0-5]% by volume.

(44) It appears that the transaction will result in the elimination of one of the smaller players (utmost the sixth largest market player). It will not alter materially the structure of competition on the market. The Commission considers that post-Transaction, a significant number of competitors remain in the market that are able to place competitive constraints on the merged entity. These include Delphi with [10-20]% market shares, Sidem with [10-20]% market share, ZF Group with a market share of [10-20]% and Febi Bilstein with a market share of [5-10]%. The remainder of the market is supplied by a number of other smaller competitors.[24]

(45) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the

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23 Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels by value are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 (by value and by volume) and the delta is below 250 by value. Only if the analysis is based on volume instead, the delta is marginally above 250 with [250-260].

24 Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 and the delta remains below 250, by value as well as by volume.

internal market concerning the manufacturing and supply of ball joints for LVs in the IAM in France.

6.3.2. Malta

(46) Given that Malta is the second smallest market in the EEA for the supply of ball joints for light vehicles to the IAM, market shares have a tendency to vary considerably depending on the outcome of the most recent round of contracting, according to the Parties.

(47) The Parties' combined market shares on the market for the manufacturing and supply of ball joints for light vehicles to the IAM in Malta are [20-30]% based on value and [20-30]% based on volume, with FDML having a market share of [20-30]% by value and by volume, while Tenneco accounts for limited increments of [0-5]% by value and [0-5]% by volume.

(48) It appears that the transaction will result in the elimination of one of the smaller market players (utmost the sixth largest player). It will not alter materially the structure of competition on the market. The Commission considers that the market is characterized by several competitors that will continue to compete with the merged entity post-Transaction. In particular the combined entity will face strong competition by the ZF Group with a [20-30]% market share. The next largest competitors active on this market are Febi Bilstein with a market share of [5-10]%, Nipparts with a market share of [5-10]% and OCAP with a market share of [5-10]%. The remainder of the market for ball joints for light vehicles to IAM customers in Malta is supplied by other market participants.[25]

(49) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the manufacturing and supply of ball joints for LVs in the IAM in Malta.

6.3.3. Poland

(50) On the market for the manufacturing and supply of ball joints for LVs in the IAM in Poland, the Parties have a combined market share of [30-40]% by value and [30-40]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having an only limited market share of [0-5]% by value and [0-5]% by volume.

(51) It appears that the transaction will result in the elimination of one of the smaller market players (utmost the sixths largest player). It will not alter materially the structure of competition on the market. The Commission considers that the market is characterized by several competitors that will continue to compete with the merged entity post-Transaction. In particular the combined entity will face strong competition by the market leader, also post-merger, the ZF Group with a [40-50]% market share. The next largest competitors active on this

[25] Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 and the delta remains well below 250 by value as well as by volume.

market are Delphi with a market share of [10-20]%, Meyle with a [5-10]% market share and Febi Bilstein with a market share [0-5]%.[26]

(52) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the manufacturing and supply of ball joints for LVs in the IAM in Poland.

6.4. Manufacturing and supply of tie rod ends for LVs in the IAM in France, Malta and Poland

6.4.1. France

(53) According to the Parties, the French market accounted for more than 14% of the total value of tie rod ends for LVs sold in the EEA in 2017 and therefore competition to win key supply contracts in France is intense. The Commission has no indication that this Transaction would significantly reduce such competitive pressure.

(54) On the market for tie rod ends for LVs in the IAM in France, the Parties have a combined market share of [30-40]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco of [5-10]% by value and [5-10]% by volume.

(55) It appears that the transaction will result in the elimination of one of the smaller players (utmost the sixth largest market player). It will not alter materially the structure of competition on the market. The Commission considers that the market is characterized by several competitors that will continue to compete with the merged entity post-merger. The largest of these competitors are Delphi with a market share of [10-20]%, Sidem with a market share of [10-20]%, the ZF Group with a market share of [5-10]% and Febi Bilstein with a [5-10]% market share.

(56) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market concerning the manufacturing and supply of tie rod ends for LVs in the IAM in France.

6.4.2. Malta

(57) The Parties submit that Malta is the second smallest market in the EEA for the supply of tie rod ends for light vehicles to the IAM and that market shares have a tendency to vary considerably in such small Member States, depending on the outcome of the most recent round of contracting.

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[26] Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels based on value are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are above 2000 (with [2000-2500] by value and [2000-2500] by volume) and the delta remains below 150 by value. Only if the analysis is based on volume instead, the delta is marginally above 150 with [150-160].

(58) On the market for the manufacturing and supply of tie rod ends for LVs in the IAM in Malta, the Parties have a combined market share of [20-30]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having a market share of [0-5]% by value and [5-10]% by volume.

(59) It appears that the transaction will result in the elimination of the sixth market player (based on value). It will not alter materially the structure of competition on the market. The Commission considers that for the manufacturing and supply of tie rod ends for LVs in the IAM in Malta, which according to the Parties represents just 0.06% of total EEA sales in 2017, the merged entity will face significant competition by several competitors post-merger. The largest of these competitors are ZF Group with a market share of [20-30]%, Febi Bilstein with [5-10]% market share as well as Nipparts and OCAP with [5-10]% market share and [5-10]% market share, respectively.[27]

(60) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market regarding the manufacturing and supply of tie rod ends for LVs in the IAM in Malta.

6.4.3. Poland

(61) On the market for tie rod ends for LVs in the IAM in Poland, the Parties have a combined market share of [30-40]% by value and [30-40]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having a limited market share of [0-5]% by value and [0-5]% by volume.

(62) It appears that the transaction will result in the elimination of one of the smaller market players (utmost the sixth largest market player). It will not alter materially the structure of competition on the market. The Commission considers that the market is characterized by several competitors that will continue to compete with the merged entity post-Transaction. In particular the combined entity will face strong competition by the market leader, also post-merger, ZF Group with a [30-40]% market share. The next largest competitors active on this market are Delphi with a market share of [10-20]%, Febi Bilstein with a market share [5-10]% and Meyle with a market share of [5-10]%.[28]

(63) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the

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27 Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels based on value are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 (by value and by volume) and the delta remains below 250 by value. Only if the analysis is based on volume instead, the delta is [250-260].

28 Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels based on value are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are just above 2000 (with [2000-2500] by value and [2000-2500] by volume) and the delta remains below 150 by value. Only if the analysis is based on volume instead, the delta is marginally above 150 with [150-160].

internal market regarding the manufacturing and supply of tie rod ends for LVs in the IAM in Poland.

6.5. Manufacturing and supply of axial joints for LVs in the IAM in France and Poland

6.5.1. France

(64) According to the Parties, the French market accounts for more than 24% of all sales in the EEA by value, and therefore competition to win key supply contracts in France is intense. The Commission has no indication that this Transaction would significantly reduce such competitive pressure.

(65) On the market for axial joints for LVs in the IAM in France, the Parties have a combined market share of [20-30]% by value and [20-30]% by volume. FDML has a market share of [20-30]% by value and volume and Tenneco has a market share of [0-5]% by value and [5-10]% by volume.

(66) It appears that the transaction will result in the elimination of the sixth market player (based on value). It will not alter materially the structure of competition on the market. The Commission considers that in France, which according to the Parties represents about 24% of the value of the EEA market by value, the merged entity will face significant competition by several competitors post-merger. The largest of these competitors are Delphi with a market share of [10-20]%, Sidem with a market share of [10-20]%, the ZF Group with a market share of [5-10]% and Febi Bilstein with [5-10]% market share.

(67) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market regarding the manufacturing and supply of axial joints for LVs in the IAM in France.

6.5.2. Poland

(68) On the market for axial joints for LVs in the IAM in Poland, the Parties have a combined market share of [30-40]% by value and [30-40]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having a market share of [0-5]% by value and [0-5]% by volume.

(69) It appears that the transaction will result in the elimination of the fifth market player. It will not alter materially the structure of competition on the market. The Commission considers that the market is characterized by several competitors that will continue to compete with the merged entity post-Transaction. In particular, the combined entity will face strong competition by the market leader ZF Group, also post-merger, with a [30-40]% market share. The next largest competitors active on this market are Delphi with a market share of [10-20]%, Febi Bilstein with a market share [5-10]% and Meyle with a [0-5]% market share.

(70) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market regarding the manufacturing and supply of axial joints for LVs in the IAM in Poland.

6.6. Manufacturing and supply of complete tie rods for LVs in the IAM in France

(71) According to the Parties, the French market is the second largest market in the EEA, second only to the Germany, and therefore competition to win key supply contracts in France is intense. The Commission has no indication that this Transaction would significantly reduce such competitive pressure.

(72) On the market for complete tie rods for LVs in the IAM in France, the Parties have a combined market share of [20-30]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having a market share of [5-10]% by value and [5-10]% by volume.

(73) It appears that the transaction will result in the elimination of the fifth market player. It will not alter materially the structure of competition on the market. The Commission considers that the merged entity will continue to face competitive constraints by several other suppliers on that market. The largest of these competitors are Delphi with a [10-20]% market share, Sidem with a [10-20]% market share and ZF Group with a [10-20]% market share and Febi Bilstein with a [5-10]% market share.

(74) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market regarding the manufacturing and supply of complete tie rods for LVs in the IAM in France.

6.7. Manufacturing and supply of stabiliser links for LVs in the IAM in France, Malta and Poland

6.7.1. France

(75) According to the Parties, the French market of stabiliser links for LVs in the IAM accounted for approximately 11% of the total value of stabiliser links for light vehicles sold in the EEA in 2017 and therefore competition to win key supply contracts in France is strong. The Commission has no indication that this Transaction would significantly reduce such competitive pressure.

(76) On the market for stabiliser links for LVs in the IAM in France, the Parties have a combined market share of [20-30]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco of [5-10]% by value and [0-5]% by volume.

(77) It appears that the transaction will result in the elimination of one of the smaller players (utmost the fifth largest market player). It will not alter materially the structure of competition on the market. The Commission considers that the merged entity faces significant competition from several competitors that will remain on the market post-Transaction and are capable of imposing competitive constraints on the Parties, in particular Delphi with a market share of [10-20]%, Sidem with a market share of [10-20]% as well as Febi Bilstein and Meyle both

with [5-10]% market shares. The remainder is supplied by a number of smaller competitors.[29]

(78) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market with regard to the manufacturing and supply of stabiliser links for LVs in the IAM in France.

6.7.2. Malta

(79) The Parties submit that Malta is the third smallest market for the manufacturing and supply of stabiliser links for LVs in the IAM in the EEA, accounting for just 0.08% of total EEA sales in 2017, and that market shares have a tendency to vary considerably in such small Member States, depending on the outcome of the most recent round of contracting.

(80) On the market for the manufacturing and supply of stabiliser links for LVs in the IAM in Malta, the Parties have a combined market share of [20-30]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having a market share of [0-5]% by value and [0-5]% by volume.

(81) It appears that the transaction will result in the elimination of one of the smaller players (utmost the sixth largest market player). It will not alter materially the structure of competition on the market. The Commission considers that in Malta, the merged entity will face significant competition by several competitors post-merger. The largest of these competitors are ZF Group with a market share of [20-30]%, Febi Bilstein with [5-10]% market share, Nipparts with [5-10]% market share and OCAP with [5-10]% market share.[30]

(82) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market regarding the manufacturing and supply of stabiliser links for LVs in the IAM in Malta.

6.7.3. Poland

(83) On the market for stabiliser links for LVs in the IAM in Poland, the Parties have a combined market share of [20-30]% by value and [20-30]% by volume, with FDML having a market share of [20-30]% by value and volume and Tenneco having a market share of [0-5]% by value and [0-5]% by volume.

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29 Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 and the delta remains below 250, by value as well as by volume.

30 Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 and the delta remains well below 250, by value as well as by volume.

(84) It appears that the transaction will result in the elimination of one of the smaller players (utmost the sixth largest market player). It will not alter materially the structure of competition on the market. The Commission considers that the market is characterized by several competitors that will continue to compete with the merged entity post-Transaction. In particular the combined entity will face strong competition by the ZF Group, the market leader also post-merger, with a [30-40]% market share. The next largest competitors active on this market are Delphi with a market share of [10-20]%, Febi Bilstein with a market share [5-10]% and Meyle with a [5-10]% market share.[31]

(85) On the basis of the above and all available evidence the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market regarding the manufacturing and supply of stabiliser links for LVs in the IAM in Poland.

6.8. Conclusion

(86) The Transaction does not raise any competition concerns and therefore does not raise serious doubts as to its compatibility with the internal market regarding any of the 37 affected markets discussed above.

7. CONCLUSION

(87) 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

[31] Moreover, in accordance with paragraph 19 and 20 of the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, the HHI levels are such as to indicate that it is unlikely that competition concerns could arise on this market. Post-merger HHI levels are between 1000 and 2000 and the delta remains below 250, by value as well as by volume.