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PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

To the notifying party

Subject: **Case M.9798 – BorgWarner/Delphi Technologies**
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 26 August 2020, the European Commission received the notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which BorgWarner Inc. ("BorgWarner" or "Notifying Party", United States of America) acquires sole control of the whole of Delphi Technologies PLC ("Delphi", United Kingdom (Jersey))[3] within the meaning of Article 3(1)(b) of the Merger Regulation (the "Transaction"). BorgWarner and Delphi are together designated hereinafter as the "Parties".

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 291, 2.9.2020, p. 7.

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1. THE PARTIES

(2) BorgWarner manufactures products that help improve vehicle performance, propulsion efficiency, stability and air quality. BorgWarner operates through two business segments: engine and drivetrain.

(3) Delphi manufactures vehicle propulsion systems that optimise engine performance, increase vehicle efficiency, reduce emissions, improve driving performance and support increasing electrification of vehicles.

2. THE CONCENTRATION

(4) The concentration is accomplished by way of purchase of shares. On 28 January 2020, Delphi and BorgWarner entered into a Transaction Agreement (the "Transaction Agreement"). Pursuant to the terms of the Transaction Agreement, Delphi shareholders will receive, in exchange for each ordinary share of Delphi, 0.4534 shares of common stock of BorgWarner and cash in lieu of any fractional shares of BorgWarner common stock. Following completion of the Transaction, current BorgWarner shareholders are expected to own approximately 84% of BorgWarner, while current Delphi shareholders are expected to own approximately 16%. Immediately following closing, Delphi will be indirectly owned and solely controlled by BorgWarner,[4] within the meaning of Article 3(1)(b) of the EUMR.[5]

3. EU DIMENSION

(5) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5,000 million[6] (BorgWarner: EUR 9,082 million; Delphi: EUR 4,113 million). Each of them has an EU-wide turnover in excess of EUR 250 million (BorgWarner EUR […] million; Delphi 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.

4. COMPETITIVE ASSESSMENT

(6) BorgWarner and Delphi are both active with respect to the sale of automotive components for light vehicles ("LVs"). Their activities overlap horizontally as regards variable camshaft timing ("VCTs") for LV in the original equipment manufacturer/original equipment supplier ("OEM/OES") channel, ignition coils for LV in the OEM/OES and the independent aftermarket ("IAM") channels, exhaust gas recirculation ("EGR") valves for LV in the IAM channel, inverters for LV in the OEM/OES channel, glow plugs for LV in the IAM channel and glow plug control

4 Following the Transaction, BorgWarner will remain a publicly listed company, and its common stock will remain widely dispersed among all shareholders. No shareholders, including the former Delphi shareholders, will control BorgWarner post-closing. In particular, the Parties have confirmed that Delphi shareholders will not retain any veto rights post-Transaction that could confer joint control over the merged entity (see reply to question 1 of RFI 7).

5 Form CO, paragraph 8.

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

7 See Form CO, Annex 4.

modules ("GPCMs") for LV in the IAM channel. In respect of those overlaps, the proposed transaction gives rise to affected markets only for the sale of VCTs for LV in the OEM/OES channel, ignition coils for LV in the OEM/OES and IAM channels, EGR valves for LV in the IAM channel, and glow plugs for LV in the IAM channel.[8] These horizontally affected markets will be examined in Section 4.2.

(7) There is a vertical relationship between the Parties with respect to BorgWarner's OEM/OES sales of (i) Inlet Metering Valves ("IMV") for LVs to Delphi in the EEA for pass-through resale by Delphi's aftermarket division; and (ii) IMVs for LVs to Delphi for OEM/OES use in India.[9] BorgWarner also sells IMVs for heavy commercial vehicles ("HCVs") to other customers in the EEA for OEM/OES use and Delphi purchases HCV IMVs from other suppliers for incorporation into its diesel common rail systems ("DCRS"). Accordingly, there is also a potential vertical relationship between BorgWarner's sale of HCV IMVs and Delphi's DCRSs in that respect. However, none of these vertical relationships give rise to affected markets[10] and, hence, they will not be discussed further in this decision.[11]

(8) Finally, a potential vertical relationship arises in those remaining instances where one party is active in the manufacture and sale of a product and the other is active in the purchase and resale of that same product in the IAM channel. In particular, Delphi purchases EGR valves for LV, glow plugs for LV, GPCMs for LV and ignition coils for LV, all for resale to customers of its Aftermarket Division. Today, BorgWarner manufactures and sells each of these parts to its own IAM customers and it could theoretically begin selling such parts to Delphi for resale by the latter to its IAM customers.[12] These potential vertical relationships will be examined in Section 4.3.

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8 In 2019, in the market of LV GPCMs for the IAM channel, the Parties' activities overlapped in the following Member States: Austria, Belgium, Czech Republic, Estonia, Finland, France, Greece, Ireland, Italy, Netherlands, Spain, Sweden, United Kingdom, with combined market shares below [10-20]% in terms of value of sales at national and EEA level (Form CO, Annex 6.2). In 2019, in the market for LV inverters for the OEM/OES channel, the Parties combined market share was of [0-5]% at worldwide level and [10-20]% at EEA level in terms of value of sales (Form CO, tables 15 and 16).

9 Delphi buys IMVs from BorgWarner in the EEA that are used for aftermarket repair and replacements given that Delphi previously used BorgWarner's IMVs for their fuel pump production and also buys IMVs in India for production of fuel pumps that are installed on older diesel engine models that still satisfy local CO2 pollution legislation (unlike in the EEA) (Form CO, paragraph 89(b)). BorgWarner entered IMV production in 2006, when it acquired the Fluid Power Division of Eaton Corporation in Monaco, consisting of Eaton's transmission and engine controls product lines. BorgWarner's IMV business supplies the same […] OEM/OES customers today that it supplied at the time of the 2006 acquisition ([…]). […] (Form CO, paragraphs 278 and 279).

10 In the market (i) for IMV in the OEM/OES segment in 2019, BorgWarner's market share was of [0-5]% for HCV and [0-5]% for LV in the EEA, and [5-10]% for HCV (most of which is generated in […] and […]) and [0-5]% for LV worldwide (ii) for DCRS in 2019, Delphi's market share was [20-30]% for HCV and [20-30]% for LV in the EEA, and [10-20]% for HCV and [10-20]% for LV worldwide (Form CO, paragraphs 277 to 282).

11 The Transaction also gives rise to the following potential future vertical relationships between the Parties […]. None of these potential future vertical relationships gives rise to affected markets and, hence, they will not be further discussed in this decision.

12 Form CO, paragraph 283 and reply to question 1(a) of RFI 6.

4.1. Market definition

4.1.1. Automotive parts and components in general

4.1.1.1. Product market definition

(9) The Commission has consistently defined the relevant product market for the manufacture and supply of automotive components on a product-by-product basis,[13] and has left open whether there may be wider markets comprising automotive components, modules and systems, or separate markets for "components" and "modules".[14] The Commission has also segmented the automotive components markets (a) depending on the type of vehicle for which the product is supplied, i.e., LVs or HCVs, respectively);[15] and (b) depending on the distribution channel to which the product is supplied, i.e., parts and components sold to OEM/OESs and the IAM, respectively.[16]

(10) The product market definition regarding VCTs, ignition coils, EGR valves, and glow plugs will be discussed in the sections below.

4.1.1.2. Geographic market definition

(11) In previous decisions, the Commission has found the geographic scope of the market for the sale of automotive components to OEM/OESs to be at least EEA-wide, and possibly worldwide, but has left open the precise definition.[17] The Notifying Party considers these markets to be worldwide in scope since most OEM/OESs source their needs of automotive components at global level and require suppliers able to serve their global operations to achieve cost savings. However, the Notifying Party also provides data and analysis on an EEA-wide basis.[18]

(12) Respondents to the Commission's market investigation did not raise any specificity with regard to the geographic market scope of those OEM/OES components affected by the present Transaction.[19]

(13) For the purposes of this decision, the exact geographic market definition for the sale of automotive components in the OEM/OES channel, including VCTs and ignition

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13 Commission decision of 12 March 2015 in Case No. COMP/M.7420 - ZF/TRW, paragraph 9; Commission decision of 6 February 2013 in Case No. COMP/M.6714 U-Shin/Valeo CAM, paragraph 6.

14 The term "modules" refers to a number of pre-assembled individual components that fulfil a certain function in the vehicle and are delivered to the OEMs as a single unit. See Commission decision of 16 May 2014 in Case No. COMP/M.7182 Visteon Corporation/Automotive Electronics Business of Johnson Controls, paragraphs 14-18; Commission decision of 6 February 2013 Case No. COMP/M.6714 U-Shin/Valeo CAM, paragraph 6; Commission decision of 24 March 2010 in Case No. COMP/M.5799 Faurecia/Plastal, paragraphs 7- 12.

15 LVs include passenger cars, vans and trucks up to six tonnes in weight. HCVs include lorries, coaches and buses weighing more than six tonnes.

16 Commission decision of 12 March 2025 in Case No. COMP/M.7420 - ZF/TRW, paragraph 10.

17 Commission decision of 6 February 2013 Case No. COMP/M.6714 U-Shin/Valeo CAM, paragraphs 30-33; Commission decision of 18 July 2011 in Case No. COMP/M.6207 Gestamp/ TKMF, paragraphs 30-33; Commission decision of 24 March 2010 in Case No. COMP/M.5799 Faurecia/Plastal, paragraphs 13-15.

18 Form CO, paragraph 115.

19 Reply to question 11.2 of the questionnaire to customers and reply to question 11.2 of the questionnaire to manufacturers.

coils, can ultimately be left open as being at least EEA-wide or possibly worldwide, as the proposed Transaction does not raise serious doubts as to its compatibility with the internal market under either geographic market definition.

(14) As regards the sales of automotive components to the IAM channel, the Commission has previously found the geographic markets to be at least national in scope.[20] The Notifying Party considers that it is now more accurate to view these markets as EEA-wide.[21] The Notifying Party has provided data and analysis on national, EEA-wide and worldwide basis.[22]

(15) Respondents to the Commission's market investigation did not raise any specificity with regard to the geographic market scope of those IAM components affected by the present Transaction.[23]

(16) For the purposes of this decision, the exact geographic market definition for the sale of automotive components in the IAM channel, including ignition coils, EGR valves and glow plugs, can ultimately be left open as being national or EEA-wide, as the proposed Transaction does not raise serious doubts as to its compatibility with the internal market under either geographic market definition.

4.1.2. Product market definition per component

(17) This section deals with product market definition specifically for each of the components for which the proposed Transaction would give to rise to any potentially affected market. For the geographic market definition, the Commission refers to section 4.1.1.2 above.

4.1.2.1. VCT (OEM/OES channel)

(18) BorgWarner's activities overlap horizontally with Delphi with respect to the sale of VCTs for LVs to the OEM/OES channel.

(19) A VCT is a module product that allows for dynamic adjustments to the opening and closing of engine intake and exhaust valves by slightly adjusting the rotation of the camshaft that operates the valves. The timing of this valve movement, in turn, impacts several engine characteristics including torque, noise levels, emissions, and fuel economy. VCTs are used primarily in gasoline engines. Delphi does not sell VCTs for diesel engines.

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20 Commission decision of 28 October 2016 in Case M.8198 Alliance Automotive Group/FPS Distribution, paragraph 10, Commission decision of 6 March 2007 in Case M.4456 - Mahle/Dana EPG, paragraph 24.

21 Form CO, paragraph 116. The Notifying Party refers to the trend suggested in case M.1959 - Meritor/Arvin.

22 In the market investigation, many customers who purchase components from component manufacturers upstream for further on-sale downstream in the IAM indicated that they source globally. However, when these customers sell these products in the IAM, they tend to sell to customers in the EEA via national distributors. Furthermore, the majority of suppliers to the IAM channel responding to the market investigation sell via distributors located in the EEA or via distributors located in the same country as the ultimate customer.

23 Reply to question 12.2 of the questionnaire to customers and reply to question 12.2 of the questionnaire to manufacturers.

(20) A VCT is comprised of a small number of components: a (cam) phaser, a solenoid and a center bolt. The phaser is the element that controls the rotation of the camshaft. VCT systems can make use of either hydraulic or electric phasers.[24] BorgWarner and Delphi only sell hydraulic VCTs to the OEM/OES channel.[25]

(A) The Notifying Party's view

(21) The Notifying Party submits that the relevant product market can be defined as the market for the production and supply of VCTs for LVs to the OEM/OES channel.[26] According to BorgWarner, hydraulic and electric phasers are fully interchangeable from a customer's perspective. However, it considers that their price points are different (with electric VCT systems being more expensive) and not all suppliers are active in the sale of electric VCTs.[27]

(22) The Notifying Party submits that no distinction can be made between VCTs that are manufactured for use in automatic or manual transmission systems, and that there is no separate market for "high performance" VTCs since there are no VCT manufacturers or OEM customers that would make or buy only higher or lower end VCTs.[28]

(23) According to the Notifying Party, phasers, center bolts and solenoids are typically sold together as a VCT (the Parties estimate approximately 60-70% of the time). However, in the remaining cases, the Parties supply only the phaser together with the center bolt and another company (typically a solenoid specialist) supplies the solenoid. The Notifying Party maintains that phasers and center bolts are not sold separately.[29] The Parties do not supply solenoids on a separate basis.[30]

(B) The Commission's assessment

(24) The Commission has not previously considered VCTs in its decisional practice.

(25) The market investigation indicates that customers often purchase phasers, center bolts and solenoids separately, which would suggest the existence of a separate product market for each of these components.[31] In any case, the Notifying Party has submitted market shares for VCTs overall and has indicated that shares for phasers

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24 Hydraulic phasers use an oil valve to control the flow of pressurized oil into the phaser cavity and adjust the positioning of the phaser, while in an electric systemthe positioning is adjusted by an electric motor.

25 For the sake of completeness, the Notifying Party notes that both BorgWarner and Delphi have […] of VCTs to the IAM channel in China. BorgWarner […] VCTs into the IAM channel in the EEA (Form CO, footnote 24).

26 Form CO, paragraph 142.

27 Form CO, paragraphs 125 and 221.

28 Form CO, paragraphs 134 and 138 and following.

29 According to the Parties, the phaser and center bolt are highly specialized parts designed to work only with one another (i.e. from the same manufacturer). Solenoid valves, on the other hand, are more generic parts used in a variety of fluid power pneumatic and hydraulic systems for both motor vehicles and also in other applications.

30 Form CO, footnote 26.

31 Reply to question 5 of the questionnaire to customers. A significant proportion of customers declared to purchase phasers, center bolts and solenoids separately, whereas only a minority declared to purchase the phasers and the center bolts together and the solenoids separately and another minority group declared to purchase all three elements together.

and center bolts – whether considering the two components together or separately – would be substantially the same as their market shares for VCTs overall. As regards solenoids, the Parties' shares would be less than their overall VCT shares given that neither of them supply solenoids on a stand-alone basis and some of their VCT customers source them from third parties.[32]

(26) The Commission has not investigated whether hydraulic and electric VCTs or VCTs for diesel or gasoline engines should be considered part of the same product market since the Parties' activities only overlap in the sale of hydraulic VCTs for gasoline engines and since the Parties have provided market shares for this segment.

(27) As regards a further sub-segmentation by type of VCT, a majority[33] of customers responding to the Commission market investigation confirmed that hydraulic VCTs for gasoline engines should not be further sub-divided by type.

(28) For the purpose of this decision, it can be left open whether the relevant product market should comprise VCTs as a whole or whether a sub-segmentation by component (phasers, center bolts and solenoids) or by type of VCT (hydraulic and electric phaser VCTs) or by type of engine (diesel v gasoline) is necessary, since the proposed Transaction does not raise serious doubts as to its compatibility with the internal market under either product market definition adopted.

4.1.2.2. Ignition coils (OEM/OES and IAM channel)

(29) BorgWarner's activities overlap horizontally with Delphi with respect to the sale of ignition coils for LVs to the OEM/OES and IAM channels.

(30) An ignition coil is an electromagnetic component that converts the low-voltage current from a vehicle battery into a higher voltage current. The coil transmits this higher voltage current through to the spark plugs, which ignite to create combustion in a gasoline engine.

(A) The Notifying Party's view

(31) According to the Notifying Party, the majority of modern automotive ignition systems are referred to as coil-on-plugs ("COPs"), which, in addition to improving spark timing, use redesigned ignition coils that generate a hotter spark. In COPs, each coil services just one spark plug (as opposed to one coil serving two spark plugs), which provides more time to develop a strong charge, and the coils are mounted directly on top of the spark plug, so that spark plug cables are eliminated. The alternative to a COP is a coil pack that incorporates multiple ignition coils, which are placed near the spark plugs but not directly on them.[34] The Notifying Party submits that there are no significant distinctions between COPs and coil packs

32 Form CO, paragraph 133. See also email from the Notifying Party of 10 September 2020.

33 "Majority" in this Decision stands for more than 50% of the participants in the market investigation who replied to the question (excluding those that replied "other", or "I do not know").

34 COP ignition coils are placed directly adjacent to their corresponding spark plug (i.e., they are situated in situ at the cylinder they will operate on) while coil packs (also referred to as remote coil packs) are placed in a remote cluster away from the cylinder, such as on the engine firewall, fender or motor. See reply to question 5(a) of RFI 5.

in terms of functionality and that any choice between ignition coil options reflects OEM preference rather than specific engine requirements.[35]

(32) The Notifying Party notes that whether in a coil pack or a COP format, the functionality of an ignition coil is the same: it provides the energy needed for the spark plug to ignite, which starts the combustion process in a combustion engine. However, the Notifying Party indicates that coil packs are an older technology and generally deliver less energy to the spark plug,[36] and that there is relatively low supply- and demand-side substitutability between COP ignition coils and coil packs.[37]

(33) The Notifying Party has confirmed that, within the industry, different nomenclatures may be used to refer to COP ignition coils and coil pack ignition coils. In particular, according to the Notifying Party: (i) brick ignition coil, modules and coil pack are all coil packs, while (ii) the terms plug top coils, pencil coils, top coils, rectangular coils, stick coils, coil near plug and pencil type are all COP ignition coils. The Notifying Party submits that the fundamental technologies in each category of ignition coil (COP and coil packs) are the same regardless of the slight variations associated with the nomenclature, that they are all fundamentally doing the same job, are available at comparable prices and manufacturers can supply all variants within each of these two categories of ignition coils. In particular, the Notifying Party notes that within the COP or coil pack categories, the price does not change significantly as a result of which variation (or nomenclature) is used and therefore should be considered as substitutes and part of the same product market. With respect to lamination stacks, the Notifying Party submits that these are not a type of ignition coil but rather an internal element of the ignition coil that is used in newer coils (older coils used a powdered metal core instead).[38] According to the Notifying Party, the use of lamination stacks is purely a design choice made by manufacturers depending on how they choose to meet the customer's performance needs.[39]

(B) The Commission's assessment

(34) The Commission has not specifically considered a product market for ignition coils for use in the automotive sector.

(35) The majority of customers responding to the Commission's market investigation consider that a further sub-segmentation within ignition coils does not apply.[40] However, the majority of ignition coil manufacturers responding to the Commission's market investigation consider that ignition coils could be further sub-segmented into brick ignition coils and plug top ignition coil; pencil coil, top coil and modules; rectangular shaped coils and stick shaped coils; plug-top coil, coil near

35 Form CO, paragraph 147.

36 According to the Parties, over time, OEMs have been shifting to COP ignition coils, which deliver more energy resulting in better performance. As a result, OEMs' demand for coil packs has shrunk significantly, hence the significantly larger number of COP ignition coils sold globally (approx. […] million units) than coil packs (approx. […] million units). There have been very few sales of coil packs in the EEA in 2019 (only approx. […] units, accounting for […]% of overall sales volume) (Form CO, paragraph 151).

37 Reply to question 5(b) of RFI5.

38 Reply to question 5(a) of RFI 5.

39 Reply to question 5(a) of RFI 5.

40 Reply to question 7 of the questionnaire to customers.

plug, pencil coil, coil pack; lamination stacks; and pencil type, COP). The majority of ignition coil manufacturers also confirmed that they produced all different types.[41]

(36) The Notifying Party has confirmed that all ignition coils referred to by the respondents to the Commission's market investigation fall into the two categories described by the Parties (COPs and coil pack ignition coils), as explained in paragraph (33)

(37) For the purpose of the present decision, it can ultimately be left open whether ignition coils overall constitute a relevant product market, or whether a further sub-segmentation between (i) COP ignition coils and (ii) coil pack ignition coils should apply, as the proposed Transaction does not raise serious doubts as to its compatibility with the internal market under either delineation. The Commission considers that no further sub-segmentation of COPs or coil packs is warranted by variations due to the reasons set out in paragraph (36) above.

4.1.2.3. EGR valves (IAM channel)

(38) BorgWarner's activities overlap horizontally with Delphi with respect to the sale of EGR valves for LVs in the IAM channel.

(39) EGR is a nitrogen oxide emissions reduction technique used in petrol/gasoline and diesel engines. EGR products work by recirculating a portion of an engine's exhaust gas back to the engine cylinders. This dilutes the oxygen in the incoming air stream and provides gases inert to combustion to act as absorbents of combustion heat to reduce peak in-cylinder temperatures. In a gasoline engine, this inert exhaust displaces some amount of combustible charge in the cylinder, effectively reducing the quantity of charge available for combustion without affecting the air/fuel ratio. In a diesel engine, the exhaust gas replaces some of the excess oxygen in the pre-combustion mixture. EGR valves are component parts used in EGR systems.[42]

(40) According to the Notifying Party, EGR valves may differ in design depending on the power that the engine of the vehicle generates and the governing emissions standard[43] and indeed each EGR valve used in each engine model is different from the EGR valve used in any other engine model.[44] EGR valves can broadly be of two types: pressure (pneumatic) controlled or electronically controlled.[45]

(41) BorgWarner manufactures EGR valves. Only […]% of its sales are to the IAM channel. Delphi does not manufacture EGR valves. It only purchases EGR valves for LCVs and resells them to IAM customers.

41 Reply to question 7 of the questionnaire to competitors.

42 Only BorgWarner sells EGR systems.

43 Generally, gasoline engines have lower power values than diesel engines.

44 Form CO, paragraph 182.

45 Form CO, paragraph 184.

(A) The Notifying Party's view

(42) The Notifying Party submits that EGR valves should be considered a separate product market from EGR systems.[46]

(43) Moreover, according to BorgWarner, although EGR valves' design may differ depending on the power of the engine, any distinctions between EGR valves used in engines of different power values are minor, there is no difference specifically resulting from whether the EGR valve is used in a diesel engine or a gasoline engine. Moreover, the Notifying Party submits that producers do not specialise in any type of EGR valve and can easily switch production between EGR valves for LV vehicles with different engine powers. The Notifying Party also considers that both pressure-controlled and electronic EGR valves are interchangeable for one another and are used in the same applications.[47]

(B) The Commission's assessment

(44) The Commission has previously identified a product market for EGR in general,[48] without distinction between systems, valves or other components. Therefore, the Commission has not previously defined the product market for EGR valves.

(45) The market investigation shows that a vast majority of customers purchase EGR valves separately, and not as part of the EGR system, which suggests that valves could be viewed as a separate product market.[49] Also a majority of customers[50] and manufacturers[51] consider that EGR valves should not be sub-segmented by type (e.g. between gasoline and diesel engines). As one customer puts it, EGR valves are components "*with few components and specific for each engine*".[52] By contrast, a majority of customers indicated that pressure controlled and electronically controlled EGR valves are not substitutable from a customer perspective.[53]

(46) In any case, for the purpose of the present decision, it can be left open whether the relevant product market should comprise EGR valves as a whole, whether sub-segmentations depending on the type of engine (gasoline/diesel) and valve (pressure or electronically controlled) are necessary or whether EGR valves should be part of a broader market of EGR systems since the proposed Transaction does not raise serious doubts as to its compatibility with the internal market regardless of the exact product market definition adopted.

46 See Form CO, paragraph 186.
47 See Form CO, paragraphs 181-186.
48 See decision of 19 December 2008 in Case No. COMP/M.5294 Schaeffler/Continental.
49 Reply to question 4 of the questionnaire to customers.
50 Reply to question 7 of the questionnaire to customers.
51 Reply to question 7 of the questionnaire to competitors.
52 Reply to question 7 of the questionnaire to customers.
53 Reply to question 8 of the questionnaire to customers.

4.1.2.4. Glow plugs and GPCM (IAM channel)

Glow plugs

(47) BorgWarner's activities overlap horizontally with Delphi with respect to the sale of glow plugs for LVs to the IAM channel.

(48) A glow plug is a component part consisting of a pencil-shaped piece of metal with a heating element at the tip used in some diesel engines. As diesel is thicker than gasoline/petrol, the glow plug warms the pre-combustion or combustion chambers of a diesel engine as a starting aid to encourage quicker ignition from compression. In general, diesel engines do not require any starting aid as combustion is achieved through compression. Therefore, some diesel engines, especially direct injected ones, do not have starting aid systems such as glow plugs. This however depends upon the displacement and combustion chamber design, and engines with more combustion chamber surface, such as pre-combustion chamber and swirl chamber injected engines, make use of glow plugs as a starting aid.

(49) Within glow plugs, the Notifying Party submits that metallic glow plugs are an older technology than ceramic glow plugs, that ceramic glow plugs have a longer useful life, typically outlast the engine and therefore do not require replacement at all, and that ceramic glow plugs are made from a more specialised fabrication material. As a result, according to the Notifying Party, ceramic glow plugs cost approximately […]-[…] times more than metallic glow plugs.

(50) BorgWarner manufactures (overall) glow plugs for LVs and HCVs and sells them mostly to OEM/OES customers (approx. […]% of glow plugs revenues), as opposed to IAM customers (approx. […]% of glow plugs revenues). Delphi does not manufacture glow plugs and instead only purchases small quantities from third parties for pass-through resale to its IAM customers in the EEA.[54]

GPCMs

(51) Although not giving rise to an affected market, BorgWarner's activities overlap horizontally with Delphi with respect to the sale of GPCMs for LVs to the IAM channel.

(52) A GPCM is a component that monitors glow plug usage and regulates timing and performance to optimise engine operation. It uses a microprocessor to determine when to power the glow plugs and how much electrical current is necessary. Glow plugs and GPCMs are sold separately.

(53) BorgWarner manufactures GPCMs for LVs and HCVs and sells them to OEM/OES customers (approx. […]% of 2019 GPCM revenues) and to IAM customers ([…]% of 2019 GPCM revenues). Delphi does not manufacture GPCMs and instead only purchases a very small amount from third parties for pass-through resale to its IAM customers in the EEA.[55]

54 […].

55 Form CO, paragraph 178.

(A) The Notifying Party's view

(54) The Notifying Party submits that glow plugs and GPCMs are separate markets as there are no specific advantages to using a glow plug and a GPCM made by the same manufacturer. BorgWarner estimates that […]% of customers purchase their glow plugs and GPCMs from different sources.[56] The Notifying Party also submits that not every diesel-engine vehicle that uses glow plugs will also incorporate a GPCM (glow plugs may also be controlled by the car's electronic control unit).[57]

(55) Within glow plugs, the Notifying Party submits that, while most glow plug suppliers have capability in both metallic and ceramic glow plugs, considering the differences between the two (see paragraph (49) above), there is a plausible further sub-segmentation between ceramic and metallic glow plugs.[58]

(B) The Commission's assessment

(56) The Commission has not specifically considered the market for glow plugs or GPCMs for use in the automotive sector.

(57) The majority of respondents to the market investigation confirmed that they usually purchase glow plugs and GPCMs separately (either from the same or a different supplier),[59] which would suggest the existence of separate product market for each of these components.

(58) Within glow plugs, the majority of customers responding to the Commission's market investigation consider that a further sub-segmentation does not apply and that the same suppliers produce all types, while one customer outlines a further sub-segmentation between ceramic and metallic glow plugs.[60] However, the majority of manufacturers of glow plugs responding to the Commission's market investigation consider that a further sub-segmentation is applicable between ceramic and metallic glow plugs (as indicated by one of the respondents "[b]*oth types have different heating behavior, different supply voltage*" and because they are based in a "*completely different technology* […] [a] *switch from one type to the other is not easily possible*"). The majority of manufacturers of glow plugs also confirm that they produce both metallic and ceramic glow plugs.[61]

(59) In view of the results of the market investigation, and of the views expressed by the Notifying Party, for the purposes of this decision, the Commission considers that (i) glow plugs and (ii) GPCMs constitute separate product markets.[62] For the purposes of this decision, the exact product market definition within glow plugs can ultimately be left open as either encompassing the market for glow-plugs overall, or as being further sub-segmented between (i) metallic glow plugs and (ii) ceramic

56 Form CO, paragraph 176.
57 Form CO, paragraph 177.
58 Reply to question 4(a) of RFI 5.
59 Reply to question 6 of the questionnaire to competitors and reply to question 6 of the questionnaire to customers.
60 Reply to questions 7 and 9 of the questionnaire to customers.
61 Reply to question 7 of the questionnaire to competitors.
62 The sale of GPCMs alone does not give rise to any affected market in the IAM channel, therefore this market will not be discussed any further.

glow plugs, as the proposed Transaction does not raise serious doubts as to its compatibility with the internal market under either delineation.

4.2. Horizontal effects

4.2.1. Analytical framework

(60) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing whether they would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position.

(61) The Commission Guidelines on the assessment of horizontal mergers under the Merger Regulation (the "Horizontal Merger Guidelines")[63] distinguish between two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated effects and coordinated effects.

(62) Non-coordinated effects may significantly impede effective competition by eliminating the competitive constraint imposed by each merging party on the other, as a result of which the merged entity would have increased market power without resorting to coordinated behaviour. The Horizontal Merger Guidelines list a number of factors[64] which may influence whether or not significant non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force. Not all of these factors need to be present for significant non-coordinated effects to be likely. The list of factors, any one of which is not necessarily decisive, is also not an exhaustive list.

4.2.2. Summary of horizontally affected markets

(63) The Transaction will result in a limited number of horizontally affected markets.

(64) As regards the OEM/OES channel, the Transaction only results in horizontally affected markets in the EEA for (i) VCT for LVs (as well as in the sub-segments of hydraulic VCTs, hydraulic gasoline-engine VCTs and for phasers and center bolts for VCTs – whether considering the two components together or separately), and (ii) ignition coils for LVs (as well as in the sub-segments of COP ignition coils and pack ignition coils). Worldwide, the sub-segment of pack ignition coils is also affected.

63 OJ C 31, 5.2.2004, p. 5.

64 Horizontal Merger Guidelines, paras 24 et seq.

(65) As regards the IAM channel, the Transaction does not give rise to affected markets at EEA level.[65] At national level, the Transaction results in several horizontally affected markets in the IAM LV segment for:

(i) EGR valves for diesel vehicles in Croatia, Estonia, Germany and Romania. In the sub-segments of electronic EGR valves for diesel engines and in pneumatic EGR valves for diesel engines, the same national markets would be affected as well as, respectively, Slovenia and Poland;

(ii) ignition coils in Germany, Poland and Romania (as well as for pack ignition coils in Germany, Poland, Romania and the United Kingdom and for COP ignition coils in Germany, Poland and Romania); and

(iii) glow plugs in Portugal and Romania (as well as for metallic glow plugs in Portugal and Romania).

4.2.3. VCTs (OEM/OES channel)

(66) The Parties have provided worldwide and EEA-wide shares for the sale in the OEM/OES channel of (i) VCTs for LVs, (ii) hydraulic phaser-VCTs for LVs, and (iii) hydraulic phaser-VCTs for gasoline-engine VCTs. The proposed Transaction would not give rise to an affected market at worldwide level under any of these three plausible product market definitions. At EEA level, the potential markets are barely affected.

(67) As shown in Table 1 below, BorgWarner's and Delphi's combined share at EEA-level in (overall) VCTs in the OEM/OES channel in 2019 was [20-30]% with an increment of less than [0-5]% by value.[66] The combined share by volume would be even lower ([10-20]%). There are two competitors with shares at least as high as the Parties' combined share: Schaeffler ([20-30]%) and Denso ([20-30]%). Shares for the sale of VCTs for LVs and for the sale of hydraulic phaser VCTs for LVs in the EEA are identical, as according to BorgWarner, no manufacturer currently sells any electric phaser VCTs in the EEA.[67]

65 The Parties also provided shares at worldwide level, which in all cases remained below 20%.

66 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

67 See Form CO, Table 6.

Table 1: VCTs for light vehicles (OEM/OES) – 2019 – EEA

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
BorgWarner	[…]	[10-20]%	[…]	[10-20]%
Delphi	[…]	[5-10]%	[…]	[0-5]%
Combined	**[…]**	***[10-20]%***	**[…]**	***[20-30]%***
Schaeffler	[…]	[20-30]%	[…]	[20-30]%
Denso	[…]	[20-30]%	[…]	[20-30]%
Hilite	[…]	[10-20]%	[…]	[10-20]%
Mitsubishi Electric	[…]	[0-5]%	[…]	[0-5]%
Hitachi	[…]	[0-5]%	[…]	[0-5]%
Aisin	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[10-20]%	[…]	[10-20]%
Total	**[…]**	**100,0%**	**[…]**	**100,0%**

Source: Form CO, Table 4

(68) Table 2 below shows BorgWarner's, Delphi's and their main competitors share by value and volume in the sale of hydraulic phase-VCTs for gasoline-engine LVs in the OEM/OES channel in the EEA in 2019.[68] The Parties' combined share by value in 2019 barely exceeded 20%, with an increment of less than [0-5]%, with two competitors with higher shares: Schaeffler ([20-30]%) and Denso ([20-30]%).

Table 2: Hydraulic VCTs for gasoline-engine light vehicles (OEM/OES) – 2019 – EEA

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)73	Market Share (Value %)
BorgWarner	[…]	[10-20]%	[…]	[10-20]%
Delphi	[…]	[5-10]%	[…]	[0-5]%
Combined	**[…]**	**[10-20]%**	**[…]**	**[20-30]%**
Schaeffler	[…]	[20-30]%	[…]	[20-30]%
Denso	[…]	[20-30]%	[…]	[20-30]%
Hilite	[…]	[10-20]%	[…]	[10-20]%
Mitsubishi Electric	[…]	[0-5]%	[…]	[0-5]%
Hitachi	[…]	[0-5]%	[…]	[0-5]%
Aisin	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[10-20]%	[…]	[10-20]%
Total	**[…]**	**100.0%**	**[…]**	**100.0%**

Source: Form CO, Table 8.

(69) As regards a possible sub-segmentation by component (phasers, center bolts and solenoids separately), the Notifying Party has indicated that the Parties' shares for phasers and center bolts – whether considering the two components together or separately – would be substantially the same as their market shares for VCTs overall

[68] According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

and as regards solenoids, Parties' shares would be less than their overall VCT shares.[69]

(70) In the market investigation, a vast majority of customers considered that they would be able to find alternative suppliers and some declared to produce VCTs in-house[70] although a majority of customers also indicated that they face important barriers when switching VCT suppliers.[71] Nevertheless, the limited combined share of the Parties and, especially, the limited share increment – under any possible product market segmentation – illustrate that the proposed transaction would not fundamentally change the supply structure of the market, thus making it unlikely that it results in any significant impediment to effective competition.

(71) In view of the above, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards the supply of VCTs for LVs in the OEM/OES channel, under any plausible product or geographic market definition.

4.2.4. Ignition coils (OEM/OES and IAM channels)

4.2.4.1. The Parties' position in the OEM/OES channel

(72) The Parties have provided worldwide and EEA-wide market shares for the sale of (i) ignition coils as a whole, (ii) COP ignition coils and (iii) coil pack ignition coils.

(73) At worldwide level, only the sub-segment of pack ignition coils would be affected, with a combined share of [20-30]% and a negligible increment of [0-5]%.

(74) At EEA-wide level, as shown in Table 3 below the Parties' combined market share for the sale of ignition coils for LVs in the OEM/OES channel in 2019 was [20-30]% by both value and volume.[72]

69 Form CO, paragraph 133. See also response email from the Notifying Party of 10 September 2020.

70 Reply to question 14 of the questionnaire to customers.

71 Reply to question 13 of the questionnaire to customers. Several customers pointed in general to the need to validate, homologate and test the products of a new supplier, and one customer mentioned that there are fewer producers of hydraulic VCT worldwide due to the technological complexity of the products, which translates into lower leverage for negotiations on price and other commercial terms.

72 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

Table 3: Ignition Coils for light vehicles (OEM/OES) – 2019 – EEA

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
BorgWarner	[…]	[5-10]%	[…]	[5-10]%
Delphi	[…]	[10-20]%	[…]	[10-20]%
Combined	**[…]**	***[20-30]%***	**[…]**	***[20-30]%***
Eldor	[…]	[40-50]%	[…]	[40-50]%
Denso	[…]	[10-20]%	[…]	[10-20]%
Bosch	[…]	[0-5]%	[…]	[0-5]%
Hitachi-Hanshin	[…]	[0-5]%	[…]	[0-5]%
YuraTech	[…]	[0-5]%	[…]	[0-5]%
Federal Mogul	[…]	[0-5]%	[…]	[0-5]%
Diamond	[…]	[0-5]%	[…]	[0-5]%
Pulse	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[0-5]%	[…]	[0-5]%
Total	**[…]**	**100,0%**	**[…]**	**100,0%**

Source: Form CO, Table 10

(75) As shown in Table 4 below, the Parties' combined market share for the sale of COP ignition coils for LVs in the OEM/OES channel in the EEA in 2019 was [20-30]% by both value and volume.[73]

[73] According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

Table 4: COP Ignition Coils for LVs (OEM/OES) – 2019 – EEA

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
BorgWarner	[…]	[10-20]%	[…]	[5-10]%
Delphi	[…]	[10-20]%	[…]	[10-20]%
Combined	**[…]**	***[20-30]%***	**[…]**	***[20-30]%***
Eldor	[…]	[40-50]%	[…]	[40-50]%
Denso	[…]	[10-20]%	[…]	[10-20]%
Bosch	[…]	[0-5]%	[…]	[0-5]%
Hitachi-Hanshin	[…]	[0-5]%	[…]	[0-5]%
YuraTech	[…]	[0-5]%	[…]	[0-5]%
Diamond	[…]	[0-5]%	[…]	[0-5]%
Pulse	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[0-5]%	[…]	[0-5]%
Total	**[…]**	**100.0%**	**[…]**	**100.0%**

Source: Form CO, Table 12

(76) As shown in Table 5 below, the Parties' combined market share for the sale of coil pack ignition coils in the OEM/OES segment in the EEA in 2019 was [40-50]% by both value and volume but with a negligible increment of [0-5]% by value and [0-5]% by volume.[74]

Table 5: Coil Pack Ignition Coils for LVs (OEM/OES) – 2019 – EEA

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
BorgWarner	[…]	[0-5]%	[…]	[0-5]%
Delphi	[…]	[40-50]%	[…]	[40-50]%
Combined	**[…]**	**[40-50]%**	**[…]**	**[40-50]%**
Federal Mogul	[…]	[40-50]%	[…]	[40-50]%
Eldor	[…]	[0-5]%	[…]	[0-5]%
Valeo	[…]	[0-5]%	[…]	[0-5]%
Visteon	[…]	[0-5]%	[…]	[0-5]%
Bosch	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[0-5]%	[…]	[0-5]%
Total	**[…]**	**100.0%**	**[…]**	**100.0%**

Source: Form CO, Table 14

4.2.4.2. The Parties' position in the IAM channel

(77) The proposed Transaction would not give rise to any affected markets at EEA-wide (or worldwide) level, regardless of the product market definition adopted.

[74] According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

(78) At national level, as shown in Table 6 below, the Parties' combined market share for the sale of ignition coils overall for LV in the IAM segment in 2019 exceeded 20% in only three Member States:[75] (i) Germany ([20-30]% by value and volume); (ii) Poland ([20-30]% by value and volume); and (iii) Romania ([20-30]% by value and volume).

Table 6: Ignition Coils for LVs (IAM) - 2019 - Affected markets[76]

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Germany				
BorgWarner	[…]	[10-20]%	[…]	[10-20]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	100.00%	***[…]***	100.00%
Poland				
BorgWarner	[…]	[5-10]%	[…]	[5-10]%
Delphi	[…]	[10-20]%	[…]	[10-20]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	**[…]**	***100.00%***	**[…]**	***100.00%***

[75] According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

[76] In the EEA, the Parties' activities overlap in the sale of ignition coils for LVs to the IAM in the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. The table only reports those overlaps resulting in affected markets.

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Romania				
BorgWarner	[…]	[10-20]%	[…]	[10-20]%
Delphi	[…]	[5-10]%	[…]	[10-20]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	0-10%	[…]-[…]	0-10%
Total	***[…]***	***100%***	***[…]***	***100%***

Source: Form CO, Table 17

(79) As regards the potential narrower market of COP ignition coils for LVs, the picture is very similar, as shown in **Table 7** below. The Parties' combined market share in 2019 exceeded 20% only in three Member States and, among those, as regards Germany and Poland, the 20% threshold is exceeded only if looking at shares by volume rather than value.[77]

Table 7: COP ignition coils for LVs (IAM) - 2019 - Affected markets[78]

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Germany				
BorgWarner	[…]	[10-20]%	[…]	[10-20]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[10-20]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

77 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

78 In the EEA, the Parties overlap in the sale of LV COP ignition coils to the IAM in the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom (Form CO, Annex 6.2). The table only reports those overlaps resulting in affected markets.

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Poland				
BorgWarner	[…]	[5-10]%	[…]	[5-10]%
Delphi	[…]	[10-20]%	[…]	[10-20]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[10-20]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Romania				
BorgWarner	[…]	[10-20]%	[…]	[10-20]%
Delphi	[…]	[5-10]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: Reply to question 5(d) of RFI 5

(80) Finally, as regards coil pack ignition coils for LVs, at national level, as shown in Table 8 below, the Parties' combined market share exceeds 20% in only three Member States as well as the United Kingdom in 2019.[79]

[79] According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

Table 8: Coil pack ignition coils for LVs (IAM) - 2019 - Affected markets[80]

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Germany				
BorgWarner	[…]	[20-30]%	[…]	[10-20]%
Delphi	[…]	[0-5]%	[…]	[5-10]%
Combined	[…]	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Poland				
BorgWarner	[…]	[0-5]%	[…]	[0-5]%
Delphi	[…]	[20-30]%	[…]	[20-30]%
Combined	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Romania				
BorgWarner	[…]	[5-10]%	[…]	[5-10]%
Delphi	[…]	[10-20]%	[…]	[20-30]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[30-40]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

[80] In the EEA, the Parties overlap in the sale of LV coil pack ignition coils to the IAM in the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden and United Kingdom. The table only reports those overlaps resulting in affected markets.

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
United Kingdom				
BorgWarner	[…]	[0-5]%	[…]	[0-5]%
Delphi	[…]	[20-30]%	[…]	[20-30]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	15-25%	[…]-[…]	15-25%
Hitachi	[…]-[…]	10-20%	[…]-[…]	10-20%
Denso	[…]-[…]	0-10%	[…]-[…]	0-10%
Driv	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: Reply to question 5(d) of RFI 5

4.2.4.3. Commission's assessment (OEM/OES and IAM channels)

(81) With regard to the OEM/OES channel, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the supply of ignition coils and its sub-segments. First, for ignition coils overall and for COP ignition coils, the Parties' combined share is below the 25% threshold referred to in the Horizontal Merger Guidelines as an indication that competition concerns are unlikely to arise.[81] Eldor (ignition coils overall: [40-50]% share, COP ignition coils: [40-50]% share) will be larger than the merged entity and will remain the market leader in these markets post-Transaction. In addition, Denso, Bosch and others will continue to be significant competitors. Second, while for pack ignition coils the Parties' combined share will be [40-50]%, the market increment brought by the Transaction is only [0-5]% and Federal Mogul (with [40-50]% share) will remain the market leader post-Transaction. Therefore, overall, the supply structure of the market will not be fundamentally altered by the proposed Transaction.

(82) With regard to the IAM channel, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the supply of ignition coils or any sub-segment thereof in Germany, Poland, Romania and (only with respect to coil pack ignition coils) the United Kingdom. First, for ignition coils and COP ignition coils, the highest combined share is of [20-30]% (COP ignition coils in Romania by volume), while by value the Parties' combined share will remain below the 25% threshold referred to in the Commission's Horizontal Merger Guidelines as an indication that competition concerns are unlikely to arise. Furthermore, in each country, NGK will remain as a large, or larger competitor than the Parties post-Transaction and Bosch, Hitachi, Denso and Driv will also remain as significant competitors. Second, for coil pack ignition coils, where the highest combined share is [30-40]% (coil-pack ignition coils in Romania by value), in each affected market, NGK will remain as a large, or

81 Horizontal Merger Guidelines, paragraph 18.

larger competitor than the Parties post-Transaction and Bosch, Hitachi, Denso and Driv will also remain as significant competitors.

(83) The results of the market investigation confirm that a majority of IAM customers do not face significant barriers when switching from one supplier to another, whereas switching is more difficult for OEM customers[82] and that a vast majority of OEM and IAM customers would be able to find alternative suppliers if the Parties increased their prices.[83] Furthermore, the market investigation confirms that competitors have spare capacity to increase production if they received more orders.[84] Finally, none of the customers or competitors responding to the market investigation considered that the proposed Transaction could have a negative impact on the market for ignition coils.[85]

(84) In view of the above, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards the supply of ignition coils in the OEM/OES and IAM segments, under any plausible product or geographic market definition.

4.2.5. EGR valves (IAM channel)

(85) The Parties have provided shares at EEA and Member State level for the sale in the IAM channel of (i) EGR valves for LVs overall, (ii) EGR valves for diesel engine LVs, (iii) EGR valves for gasoline engine LVs; (iv) electronic EGR valves for diesel engine LVs; (v) pneumatic EGR valves for diesel engine LVs; and (vi) electronic EGR valves for gasoline engine LVs. The Parties do not overlap in the sale of EGR systems or pneumatic EGR valves in the gasoline segment.

(86) At EEA (or worldwide) level, the proposed Transaction would not give rise to any affected market in any of these sub-segmentations.

(87) At national level, the proposed Transaction would only give rise to affected markets in the sale of (i) EGR valves for diesel engine LVs in Croatia, Estonia, Germany and Romania; (ii) electronic EGR valves for diesel engine LVs in Croatia, Germany, Slovenia, Estonia and Romania; and (iii) pneumatic EGR valves for diesel engine LVs in Croatia, Estonia, Germany, Poland and Romania.[86]

(88) Table 9 below shows the Parties' and their main competitors' shares in value and volume in the sale of EGR valves for diesel engine LVs in the IAM channel in 2019[87] in Croatia, Estonia, Germany and Romania. In all these Member States, the

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82 Reply to question 13 of the questionnaire to customers. Whereas the results of the market investigation show that switching is easier for IAM customers than for OEM customers, because the market share increment brought by the transaction in the OEM channel is […] [0-5]% the impact in this channel is minimal.

83 Reply to question 14 of the questionnaire to customers.

84 Reply to question 13 of the questionnaire to competitors.

85 Reply to question of the questionnaire to customers.

86 In the EEA, the Parties overlap in the sale of (overall) EGR Valves for LVs to the IAM channel in the following countries, none of which would be an affected market: Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, and the United Kingdom.

87 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

market share increment would be below [0-5]% and, except for Romania (where the combined share is [20-30]%, but with the lowest share increment), the combined share is always below 25%. In all the aforementioned Member States, the Parties would still face competition from one competitor with shares in the range of 15-25% (Pierburg) and three other competitors (Valeo, Denso and DRI/Elstock) with shares ranging between 5% and 15%. The increment is minimal in absolute terms, consisting of EUR […] and […] units in Croatia, EUR […] and […] units in Estonia, EUR […] and […] units sold in Romania and less than […] units in Germany.

Table 9: EGR Valves for LVs with diesel engines (IAM) - 2019 - Affected markets[88]

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Croatia				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Estonia				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

88 In the EEA, the Parties overlap in the sale of EGR Valves for LVs with diesel engines to the IAM channel in the following countries: Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovenia, Spain and the United Kingdom. The table only reports those overlaps resulting in affected markets.

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Germany				
BorgWarner	[…]	[10-20]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Romania				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: Form CO, Table 21.

(89) Table 10 below shows the Parties' and their main competitors' shares in value and volume in the sale of electronic EGR valves for diesel engine LVs in the IAM channel in 2019[89] in Croatia, Estonia, Germany, Romania and Slovenia. In all these Member States, the share increment would in all cases be below [0-5]%, except in Slovenia ([0-5]% in value and [0-5]% in volume). The Parties' combined share would also remain […] [20-30]% except in Romania ([20-30]% in value, but only [20-30]% in volume). In all the aforementioned Member States, the Parties would still face competition from one competitor with shares in the range of 15-25% (Pierburg) and three other competitors (Valeo, Denso and DRI/Elstock) with shares ranging between 5 and 15%. The increment would be minimal in absolute terms, consisting of EUR […] and […] units in Croatia, EUR […] and […] units in Estonia, EUR […] and […] units sold in Romania, EUR […] and […] units in Slovenia and less than […] units in Germany.

89 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

Table 10: Electronic EGR Valves for LVs with diesel engines (IAM) – 2019 – Affected markets

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Croatia				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Estonia				
BorgWarner	[…]	[10-20]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[10-20]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Germany				
BorgWarner	[…]	[10-20]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Romania				
BorgWarner	[…]	[10-20]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Slovenia				
BorgWarner	[…]	[10-20]%	[…]	[20-30]%
Delphi	[…]	[5-10]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: Form CO, Table 24

(90) Table 11 below shows the Parties' and their main competitors' shares in value and volume in the sale of pneumatic EGR valves for diesel engine LVs in the IAM channel in 2019[90] in Croatia, Estonia, Germany, Poland and Romania. In all these Member States, the market share increment would in all cases be below [0-5]% and the Parties' combined share in value would also remain below 25% except in Romania, with [20-30]% but with virtually no increment (only […] valves). The Parties would face competition from the same players and with similar strength as in electronic valves. The share increment is minimal in absolute terms, always consisting of less than […] valves (except in Poland, […]).

[90] According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

Table 11: Pneumatic EGR Valves for LVs with diesel engines (IAM) – 2019 – Affected markets

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Croatia				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Estonia				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Germany				
BorgWarner	[…]	[20-30]%	[…]	[10-20]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[10-20]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	100.0%	***[…]***	100.0%

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Poland				
BorgWarner	[…]	21.5%	[…]	20.1%
Delphi	[…]	0.6%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	10-20%	[…]-[…]	10-20%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Romania				
BorgWarner	[…]	[30-40]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[30-40]%***	***[…]***	***[20-30]%***
Pierburg	[…]-[…]	15-25%	[…]-[…]	15-25%
Valeo	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
DRI/Elstock	[…]-[…]	5-15%	[…]-[…]	5-15%
VEMO	[…]-[…]	0-10%	[…]-[…]	0-10%
SMPE	[…]-[…]	0-10%	[…]-[…]	0-10%
MEAT&Doria	[…]-[…]	0-10%	[…]-[…]	0-10%
Others	[…]-[…]	0-10%	[…]-[…]	0-10%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: Form CO, Table 25

(91) In conclusion, the relatively low combined market shares and in particular the marginal increments illustrate that the structure of supply in the EGR valve markets will remain substantially unchanged as a result of the proposed Transaction. In addition, the vast majority of customers have confirmed in the market investigation that they do not to face significant barriers to switch EGR valves suppliers and that, were the Parties to increase prices significantly, they would be able to find several alternative suppliers.[91]

(92) In view of the above, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market as regards the supply of EGR valves for LVs in the IAM channel, under any plausible product or geographic market definition.

[91] See reply to questions 13 and 14 to questionnaire to customers.

4.2.6. Glow plugs (IAM channel)

(93) At EEA (or worldwide) level, the proposed Transaction would not give rise to any affected market under any plausible product market definition.

(94) At national level, Table 12 below shows the Parties' and their main competitors' shares in value and volume in the sale of (overall) glow plugs for LVs in the IAM channel in those markets which would be affected in 2019: [92](i) Portugal ([20-30]% by value and volume); and (ii) Romania ([30-40]% by value and volume). In both Member States, the market share increment always remains […] [0-5]% and the Parties would face competition from players with similar strength such as NGK and Bosch.

Table 12: Glow Plugs for light vehicles (IAM) - 2019 - Affected markets[93]

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Portugal				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	20-30%	[…]-[…]	20-30%
Hydria	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
Driv	[…]-[…]	5-15%	[…]-[…]	5-15%
Others	[…]-[…]	0-10%	[…]-[…]	0-10%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Romania				
BorgWarner	[…]	[30-40]%	[…]	[30-40]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[30-40]%***	***[…]***	***[30-40]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	20-30%	[…]-[…]	20-30%
Hydria	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
Driv	[…]-[…]	5-15%	[…]-[…]	5-15%
Others	[…]-[…]	0-10%	[…]-[…]	0-10%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: Form CO, Table 18.

92 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

93 In the EEA, the Parties overlap in the sale of glow plugs for LVs to the IAM in the following countries: Austria, Belgium, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Spain, Sweden, and the United Kingdom. The table only reports those overlaps resulting in affected markets.

(95) Table 13 below shows the Parties' and their main competitors' shares in value and volume in the sale of metallic glow plugs[94] for LVs in those markets that would be affected in the IAM channel in 2019:[95] (i) Portugal, ([20-30]% by value and [20-30]% by volume); and (ii) Romania, ([30-40]% by value and [30-40]% by volume). In both Member States, the market share increment would always remain below [0-5]% and the Parties would face competition from players with similar strength such as NGK and Bosch.

Table 13: Metallic glow plugs for light vehicles (IAM) - 2019 - Affected markets[96]

Company	Sales Volume	Market Share (Volume %)	Sales Value (EUR)	Market Share (Value %)
Portugal				
BorgWarner	[…]	[20-30]%	[…]	[20-30]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[20-30]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	20-30%	[…]-[…]	20-30%
Hydria	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
Driv	[…]-[…]	5-15%	[…]-[…]	5-15%
Others	[…]-[…]	5-15%	[…]-[…]	5-15%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***
Romania				
BorgWarner	[…]	[30-40]%	[…]	[30-40]%
Delphi	[…]	[0-5]%	[…]	[0-5]%
Combined	***[…]***	***[30-40]%***	***[…]***	***[30-40]%***
NGK	[…]-[…]	20-30%	[…]-[…]	20-30%
Bosch	[…]-[…]	20-30%	[…]-[…]	20-30%
Hydria	[…]-[…]	5-15%	[…]-[…]	5-15%
Denso	[…]-[…]	5-15%	[…]-[…]	5-15%
Driv	[…]-[…]	5-15%	[…]-[…]	5-15%
Others	[…]-[…]	0-10%	[…]-[…]	0-10%
Total	***[…]***	***100.0%***	***[…]***	***100.0%***

Source: reply to question 4(b) of RFI 5

94 The sub-segment of LV ceramic glow plugs to the IAM channel does not give rise to affected markets at EEA or national level.

95 According to the Parties, their combined market shares in 2017 and 2018 do not significantly differ from those in 2019.

96 In the EEA, the Parties overlap in the sale of metallic glow plugs for LVs to the IAM in the following countries: Austria, Belgium, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Spain, Sweden and United Kingdom. The table only reports those overlaps resulting in affected markets.

(96) The Commission considers that the limited share increment as regards the supply of glow plugs overall or the sub-segment of metallic glow plugs in the IAM channel in Portugal and Romania (no more than [0-5]%) illustrates that the supply structure of the market will not be fundamentally altered by the proposed Transaction. Furthermore, in each country, the Parties will continue to face significant competition from international players such as NGK, Bosch, Hydria, Denso, Driv.

(97) The results of market investigation also show that a majority of IAM customers do not face significant barriers when switching from one supplier to another,[97] and that a vast majority consider they would be able to find alternative suppliers if the Parties increased their prices.[98] According to the results of the market investigation, there appears to be some spare capacity in the industry.[99] Finally, the quasi totality of the IAM customers responding to the market investigation considered that the Transaction would have no impact in this market.[100]

(98) In view of the above, the Commission considers that the proposed Transaction does not raise serious doubts as to its compatibility with the internal market, as regards the supply of glow plugs or any sub-segment thereof in the IAM channel, under any plausible product or geographic market definition.

4.3. Vertical effects

(99) As explained in paragraph (7), the Transaction does not give rise to any actual vertically affected markets.

(100) There is one potential vertical relationship between the Parties that relates to the IAM. Automotive parts suppliers active in the IAM will typically, to some extent, purchase IAM parts manufactured by other players to resell them to their IAM customers. In particular, Delphi purchases EGR valves, glow plugs, GPCMs and ignition coils for resale to customers of its Aftermarket Division.[101] Today, BorgWarner manufactures and sells each of these parts to its own IAM customers, and it could theoretically begin selling such parts to Delphi's IAM customers. A potential vertical relationship, therefore, arguably arises in those instances where, when looking at the products which each company sells into the IAM segment, one party is active in the manufacture and sale of the product, and the other is active in the purchase and resale of that same product.

(101) In this scenario, both Parties would also be active in the downstream sale of that product to IAM customers. Accordingly, any such potential vertical overlap would have necessarily resulted in a horizontal overlap in the downstream market,[102] which

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97 Reply to question 13 of the questionnaire to customers.

98 Reply to question 14 of the questionnaire to customers.

99 Reply to question 13 of the questionnaire to competitors.

100 Reply to question 17 of the questionnaire to customers.

101 Delphi also purchases other products it does not manufacture for resale to IAM customers, such as brake pads, brake discs, etc. Delphi estimates that approximately [50-60]% of all Delphi sales in the IAM are of products sourced from third party suppliers, and the remaining [50-60]% is of manufactured products by allied Delphi plants. However, BorgWarner does not manufacture and sell such parts into the IAM channel (reply to question 2 of RFI 6).

102 Downstream, the Parties' 2019 combined or individual share exceeded 30% in the following markets:

have already been discussed above and none of which give rise to any competition concerns.[103] It therefore follows that these potential vertical relationships will also not give rise to any competition concerns.

(102) In view of the above, the Transaction does not raise serious doubts as to its compatibility with the internal market, with regard to the potential vertical relationship between the Parties with regard to the resale of components in the IAM segment.

4.4. Conglomerate effects

(103) During the market investigation, some competitors raised the possibility that the proposed Transaction could result in conglomerate effects due to the Parties' large combined product portfolio, in particular by selling ignition coils bundled with other products.[104]

(104) The Commission considers it very unlikely that post-merger, the merged entity would have the ability to leverage its market power in any product market to bundle or tie other products or to engage in any other foreclosure practices. The Commission considers that the merged entity will not have a sufficiently strong market position to engage in such type of practices, for the following reasons.

(105) First, there is no evidence of the merged entity having a significant degree of market power in any market. It is clear that in those markets where horizontal overlaps arise as a result of the Transaction, no market power exists for the reasons explained in this Decision (in particular, the Parties' moderate market shares and the continuing presence of significant competitors). As regards other product markets, where only one of the Parties would be present, given that there are no horizontal overlaps or vertical links in respect of other products produced by the Parties, the Commission does not have information as to the Parties' market position in such markets. However, apart from some general arguments relating to the wide product portfolio of the merged entity, no respondent to the market investigation highlighted any specific strength in a particular market apart from ignition coils.

(i) Glow plugs for LV (IAM) in Romania where the Parties' combined share is [30-40]%, by volume and by value, with an increment from Delphi of [0-5]%. The Parties' EEA-wide share in this product is only [5-10]%, with an increment from Delphi of [0-5]%.
(ii) Pneumatic EGR valves for LVs with diesel engines (IAM) in Romania, where the Parties' combined share is [30-40]% (but only [20-30]% by value) with an increment from Delphi of [0-5]% or less. The Parties' EEA-wide share in this product is only [5-10]% by volume and [5-10]% by value, in both cases with an increment from Delphi of [0-5]%.
(iii) Metallic glow plugs for LVs (IAM) in Romania, where the Parties' combined value share is [30-40]%, with an increment of [0-5]% from Delphi. The Parties' EEA-wide share in this product is only [5-10]% by volume and [5-10]% by value, with an increment from Delphi of no more than [0-5]%.
(iv) Coil pack ignition coils for LVs (IAM) in Romania, where the Parties' combined share is [30-40]% by value (but only [20-30]% by volume) with an increment from BorgWarner of [5-10]% ([5-10]% by volume). The Parties' EEA-wide share in this product is only [10-20]% by volume and [10-20]% by value, with an increment from BorgWarner of no more than [0-5]%.

[103] Upstream, the Parties have confirmed that their combined market shares in the markets for the manufacture and sale of (i) EGR valves for LVs sold to the IAM; (ii) glow plugs for LVs sold to the IAM; (iii) GPCMs for LVs sold to the IAM; and (iv) ignition coils for LVs sold to the IAM, are all below 30% under any plausible product market definition, in the EEA and worldwide (reply to questions 1(b) and 2 of RFI 6).

[104] See replies to questions 17 and 18 in questionnaire to competitors.

(106) With respect to ignition coils, the Transaction is unlikely to change the ability or incentive to utilise ignition coils to foreclose, given that the merged entity's position is not materially strengthened by the proposed Transaction, multiple competitors remain and there appears to be spare capacity in the industry.[105] Additionally, there is no evidence of Delphi (or BorgWarner) to date using its existing market position to tie or bundle. Furthermore, customers do not face significant costs to switch supplier.[106]

(107) Second, there are sophisticated competitors with diversified product portfolios such as Bosch, Continental, Denso or Valeo who all have the ability to react to any tying or bundling strategy attempted by the merged entity. Such competitors could expand production, lower the price of single components or offer similar or other bundles based on their portfolio.

(108) Furthermore, in particular as regards the OEM/OES channel, as the Notifying Party mentions,[107] there are a number of structural elements that make the bundling of tying of different components unlikely. First, OEMs tend to use separate supplier panels and conduct separate RFQs/ tenders for each product/system. Second, in the course of developing a new engine, transmission, or other vehicle system, different parts would be designed, bid, and selected at different times. Third, each part/component/system has different lifecycles and replacement cycles.

(109) Finally, as stated in the Guidelines on the assessment of non-horizontal mergers,[108] the fact that the merged entity will have a broad range or portfolio of products does not, as such, raise competition concerns.

(110) In view of the above, the Commission considers that there is no evidence to suggest that the proposed transaction would give rise to any conglomerate effects in the internal market.

5. CONCLUSION

(111) 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
Executive Vice-President

105 See replies to question 13 in the questionnaire to competitors.

106 See recital (83).

107 Form CO, paras. 312 and following

108 Guidelines on the assessment of non-horizontal mergers under the EUMR (the "Non-Horizontal Mergers Guidelines"), OJ C 265, 18 October 2008.