

## Letter of congratulations from President Donald Tusk to Giuseppe Conte on his appointment as Prime Minister of Italy

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## Mergers: Commission clears acquisition of General Electric Industrial Solutions by ABB

ABB Asea Brown Boveri Ltd ("ABB") and General Electric Industrial Solutions ("GEIS") are active worldwide in the manufacture and sale of electrical components and systems.

The Commission carried out a broad investigation on a large number of markets and concluded that:

- Both ABB and GEIS are active in the design, manufacture and sale of low voltage and medium voltage products for industrial, commercial and residential applications, as well as of secured power protection systems and transformers. However, **their respective geographic areas of activity are complementary**, with ABB being stronger in Europe and GEIS in the US.
- On overlapping markets in the European Economic Area (EEA), the

Commission found that the transaction raises no significant concerns because: i) the combination of ABB's and GEIS' portfolios does not significantly increase concentration in a number of product categories; ii) **the merged entity will continue facing effective competition from a number of large-scale rivals and specialised or local suppliers**; iii) products in these markets are generally homogeneous and therefore interchangeable between competing brands. Customers also broadly confirmed that sufficient alternative sources of supply will remain in the EEA after the transaction.

- On markets where the merging companies are active at different levels of the supply chain, the Commission found that **they would not have the ability to foreclose competitors**, notably because alternative suppliers will continue to operate in the market.

The Commission therefore concluded that the proposed transaction would raise no competition concerns in any of the markets concerned.

### **Companies and products**

**ABB**, based in Switzerland, is active in power and automation technologies and serves customers in utilities, industry, transport and infrastructure globally through four divisions: (i) Electrification Products, the relevant division in the present case; (ii) Robotics and Motion; (iii) Industrial Automation; and (iv) Power Grids.

**GEIS** is a division of the General Electric Company of the US, and is active in the design, manufacture and sale of low and medium-voltage electrical products and solutions for industrial, commercial and residential applications. GEIS is divided in four business units: (i) Engineered Solutions; (ii) Product Solutions; (iii) Configured Solutions; and (iv) Embedded Solutions.

### **Merger control rules and procedures**

The transaction was notified to the Commission on 20 April 2018.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

More information will be available on the [competition](#) website, in the Commission's [public case register](#) under the case number [M.8678](#).

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# EIOPA expects insurance undertakings to avoid instruments banned or restricted by ESMA

□Today, the European Insurance and Occupational Pensions Authority (EIOPA) published a [statement on consumer detriment resulting from policyholder exposure to contracts for differences \(CFDs\) and binary options](#). Considering potential future risks to policyholders, EIOPA expects insurance undertakings to avoid as possible direct underlyings of insurance-based investment products, instruments for which the European Securities and Markets Authority (ESMA) has issued a ban or restriction. In general, uses of product intervention powers in one sector should never be circumvented by repackaging the instruments that have been banned or restricted for offer in another sector.

At this juncture, there is no evidence of direct policyholder exposure to CFDs or binary options, whilst the possibility of such policyholder exposure to CFDs or binary options developing seems not highly probable. However, EIOPA's experience has been that unexpected and complex risks have increasingly been offered as potential units within unit-linked contract raising supervisory concerns. For this reason, EIOPA remains cautious on the matter.

Within its remit, EIOPA will use the available powers and measures to ensure the integrity, transparency, efficiency, and orderly functioning of financial markets and that customers' interests are adequately protected throughout the European Union. Specifically, EIOPA and National Competent Authorities will continue to monitor the market for insurance-based investment products, including those providing direct exposure to complex and risky underlyings, in view of whether other restrictions or bans should be necessary.

## **Background**

The European Securities and Markets Authority (ESMA) adopted temporary product intervention measures on the provision of contracts for differences (CFDs) and binary options to retail investors in the European Union. These intervention measures include a prohibition on marketing, distribution or sale of binary options as well as several restrictions on marketing, distribution or sale of CFDs to retail investors. [The measures have been published in the Official Journal of the European Union on 1 June 2018.](#)

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## [EU launches WTO case against China's unfair technology transfers](#)

Commissioner for Trade Cecilia **Malmström** said: *“Technological innovation and know-how is the bedrock of our knowledge-based economy. It’s what keeps our companies competitive in the global market and supports hundreds of thousands of jobs across Europe. We cannot let any country force our companies to surrender this hard-earned knowledge at its border. This is against international rules that we have all agreed upon in the WTO. If the main players don’t stick to the rulebook, the whole system might collapse.”*

European companies coming to China are forced to grant ownership or usage rights of their technology to domestic Chinese entities and are deprived of the ability to freely negotiate market-based terms in technology transfer agreements.

This is at odds with the basic rights that companies should be enjoying under the WTO rules and disciplines, in particular under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

The case initiated today by the EU targets specific provisions under the Chinese regulation on import and export of technologies (known as “TIER”) and the regulation on Chinese-foreign equity joint ventures (known as “JV Regulation”) that discriminate against non-Chinese companies and treat them worse than domestic ones.

These provisions violate WTO obligations to treat foreign companies on an equal footing with domestic ones, and to protect intellectual property like patents and undisclosed business information.

If consultations requested today do not reach a satisfactory solution within 60 days, the EU will be able to request that WTO sets up a panel to rule on the matter.

While the EU’s request is similar to the one brought recently to the WTO by the US, it also identifies further potential violations of WTO rules.

### **For More Information**

[EU submission to the WTO](#)

[WTO dispute settlement in a nutshell](#)

[EU trade policy and intellectual property](#)

[EU trade relations with China](#)

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# Letter of congratulations from President Donald Tusk to Pedro Sánchez on his appointment as Prime Minister of Spain

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