

## Concentrations: la Commission ouvre une enquête approfondie sur le projet d'acquisition de NXP par Qualcomm

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## Security Union: European Commission welcomes the Council's commitment to improve information exchange and border management

Following the adoption by the Justice and Home Affairs Council of the

conclusions on information systems and interoperability and the general approach on the Commission's proposal for a European Travel and Information Authorisation System (ETIAS), Commissioner for Migration, Home Affairs and Citizenship **Dimitris Avramopoulos** and Commissioner for the Security Union **Julian King** made the following joint statement:

*"The recent tragic attacks in Europe have reminded us, once again, that all Member States need to work together to protect our citizens from the threat of terrorism. Effective information sharing is a key element of our efforts to prevent terrorism and the Commission has been working relentlessly over the past two years to improve information management for borders and security, make more effective use of EU-level systems and close information gaps.*

*We need to ensure that our border guards and police, our immigration officers, our customs and judicial authorities have the necessary information at their disposal to protect our external borders, lead the fight against terrorism and organised crime and better protect our citizens. Ensuring that persons can only be registered under one identity in our information systems for security, border and migration management is essential for this.*

*The conclusions adopted yesterday by the Council on the way forward to improve this information exchange and ensure interoperability of EU information systems prove that this is a shared priority at the highest political level. The Commission, together with the Council, the European Parliament, EU Agencies and the European Data Protection Supervisor will continue to drive this work forward with a view to increasing interoperability of the EU's information systems at every step of the way, in full respect of fundamental rights.*

*An important building block in this way forward is the European Travel and Information Authorisation System (ETIAS), and we welcome the Council's adoption today of a general approach. ETIAS will allow us to gather advance information on persons travelling visa-free to the EU and to ensure that those who may pose a security risk are identified before they reach our borders. We call on the Council and the Parliament to work constructively in order to swiftly adopt the legislation and to make ETIAS operational as soon as possible."*

#### Next steps

The Commission will continue discussing the new approach to data management for security and borders with the European Parliament and the Council with the aim of reaching a common understanding on the way forward before the end of 2017. The discussion will feed into the proposal on interoperability which the Commission will present shortly. The preparation of the legislative proposal will include a public consultation and an impact assessment, including on fundamental rights.

As regards ETIAS, the Council and the European Parliament should start negotiations as quickly as possible to reach an agreement before the end of 2017 and ensure it is operational by 2020.

## Background

President Juncker's [State of the Union](#) address in September 2016 and the European Council conclusions of [December 2016](#) highlighted the importance of overcoming the current shortcomings in data management and of improving the interoperability of existing information systems. In his State of the Union speech, President Juncker also announced that the Commission would propose in [November 2016](#) a European Travel Information System (ETIAS) – an automated system to determine who will be allowed to travel to the Schengen Area. The setting up of this system was further prioritised in the [Bratislava Roadmap](#) signed and agreed by the EU 27 leaders.

In [April 2016](#) the Commission presented a Communication on stronger and smarter information systems for borders and security, initiating a discussion on how information systems in the European Union can better enhance border management and internal security. In June 2016, the Commission set up a High-Level Expert Group on Information Systems and Interoperability to take this work forward and to address the legal, technical and operational challenges to achieve interoperability. The High-Level Expert Group held its last meeting on 25 April 2017 and presented its [final report](#) on 11 May 2017.

The [seventh report](#) on progress made towards an effective and genuine Security Union welcomed the High-Level Expert Group's report and recommendations. Based on these, the progress report proposed the way forward to address structural shortcomings under the three main areas: maximising the utility of existing information systems; where necessary, developing complementary systems to close information gaps; and ensuring interoperability between our systems.

For More Information

[Press Release](#) on Commission sets out new approach on interoperability of information systems

[Press Release](#) on Commission proposes a European Travel Information and Authorisation System

[Communication](#) on 7<sup>th</sup> Progress Report on Security Union

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## [Fusionen: Kommission leitet eingehende Untersuchung des vorgeschlagenen Erwerbs von NXP durch Qualcomm ein](#)

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## [Mergers: Commission opens in-depth investigation into Qualcomm's proposed acquisition of NXP](#)

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"We use our electronic devices every day – mobile phones or tablets. As semiconductors are used in practically every electronic device, we are dependent on them in those devices. With this investigation, we want to ensure that consumers will continue to benefit from secure and innovative products at competitive prices."*

The proposed transaction involves the acquisition of the whole of NXP by Qualcomm and would combine two of the leading players in the semiconductor industry. More specifically, Qualcomm develops and supplies baseband chipsets (both standalone and integrated with an application processor) enabling cellular telecommunications standards such as UMTS and LTE. NXP is an important provider of semiconductors, in particular for the automotive industry. With respect to mobile devices, NXP is a leading provider of near-field communication ("NFC") chips and secure elements ("SEs").

## **The Commission's preliminary concerns**

The Commission's initial market investigation raised several issues relating in particular to semiconductors used in mobile devices, such as smartphones, and in the automotive industry. The Commission is concerned that, following the transaction:

- The merged entity would hold strong market positions within both baseband chipsets and NFC/SEs chips, and would have the ability and incentive to exclude their rival suppliers from these markets through practices such as bundling or tying.
- The merged entity would have the ability and incentive to modify NXP's current intellectual property licensing practices, in particular in relation to NFC technology, including by bundling the acquired NFC intellectual property to Qualcomm's patent portfolio. The Commission will investigate whether such conduct could lead to anticompetitive effects, such as increased royalties for customers and/or exclusion of competitors
- The merger would remove competition between companies active in the markets for semiconductors used in the automotive sector and, in particular, in the emerging Vehicle-to-Everything ("V2X") technology, which will play an important role in the future development of "connected cars".

The transaction was notified to the Commission on 28 April 2017. The Commission now has 90 working days, until 17 October 2017, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

## **Companies and products**

**Qualcomm** is a leading semiconductors company, which develops and supplies integrated circuits for mobile devices, notably cellular baseband chips. Qualcomm also licenses the rights to its intellectual property portfolio, including rights to patents which are essential to the implementation within wireless production of cellular communication standards.

**NXP Semiconductors** manufactures and sells different categories of semiconductors, including semiconductors for the automotive sector and semiconductors for the mobile device sector, notably, NFC solutions.

## **Merger control rules and procedures**

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 Commission's [competition](#) website, in the [public case register](#) under the case number [M.8306](#).

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## **EU secures another important win in the WTO Boeing Dispute**

**The WTO ruling confirms that the United States has taken no appropriate action to comply with its obligation to withdraw subsidies declared illegal by the WTO's Appellate Body in 2012, or to remove their adverse effects.**

Today's ruling backs the EU position, finding that the US has not only failed to remove the existing subsidies but has extended them and added significant new distorting subsidies, including incentives from South Carolina and a US Federal Aviation Administration R&D programme. The panel also found that US subsidies to Boeing continue to cause severe damage to Airbus in lost sales and market opportunities.

'Today's ruling is another victory for the EU, its industry and EU workers in this strategic sector. The panel agrees that the US has simply ignored existing WTO rulings and has continued to subsidise Boeing,' said EU Trade Commissioner Cecilia Malmström. 'We will continue to firmly defend our industry to ensure we have a level-playing-field. EU companies must be able to compete on fair and equal terms. Today's panel report is an important step in that direction.'

In 2012, the WTO ruled that the United States had granted massive subsidies to Boeing in violation of WTO rules. Between 1989 and 2006 Boeing benefited from NASA, US Department of Defense and Washington State/Kansas subsidies totalling over \$5 billion. The subsidies allowed Boeing to sell its aircraft more cheaply, to the detriment of Airbus. The illegal subsidies include export support, direct grants, free access to facilities, technology transfer at no cost, and tax abatements.

Today's findings add to another [WTO ruling of November 2016](#) in which – for the first time in the aircraft disputes – the WTO found the US guilty of providing prohibited subsidies to Boeing of around \$5.7 billion. These subsidies by Washington State were conditional on the use of domestic over imported goods. Under WTO rules, these are the worst kind of subsidies and they caused further severe harm to Airbus' market position.

**For More Information**

[History of the Boeing WTO case](#)

[WTO dispute resolution](#)