

Mergers: Commission clears acquisition of smart card maker Morpho by Advent International, subject to conditions

Morpho is the identity and security solutions business of the Safran group. **Advent International**, a private equity firm, controls smart card and digital security provider Oberthur. Both Oberthur and Morpho develop and supply identification and security solutions, including smart cards for the banking sector, telecommunication sector and identity document sector.

The Commission's investigation found that in France there are currently only three viable suppliers of payment smart cards holding the necessary national certifications and production sites to effectively supply French banks. The takeover would reduce that number to only two, which would significantly reduce competition.

The Commission's competition concerns

The Commission's investigation focused in particular on the parties' overlapping activities in **smart card markets**.

For **SIM cards** and **electronic ID documents** (e.g. e-passports, e-ID cards, e-health cards) the Commission concluded that the merged entity would continue to face a number of credible competitors.

However, the investigation found that for **payment smart cards**, the proposed transaction, as initially notified, would have significantly reduced competition in the market for payment smart cards in France. This market is particularly difficult to enter, reducing the ability of suppliers not currently active in France to compete effectively.

The Commission found that in order to supply payment smart cards in France, manufacturers need to obtain and maintain certification for the domestic debit card scheme *Cartes Bancaires* (CB), on top of the global EMV certification standard. In addition, to compete effectively, suppliers must run in France a CB-certified manufacturing site for the personalisation of CB-certified cards.

Based on the results of its extensive market investigation, the Commission considered that the transaction, as notified, raised serious doubts as to its compatibility with the Single Market with regard to the market for payment smart cards in France.

The proposed commitments

In order to address these concerns, the parties offered to divest Morpho's French subsidiary CPS, which supplies and personalises CB-certified payment smart cards to banking customers in France.

In view of the remedies proposed, the Commission concluded that the proposed transaction, as modified, would not significantly reduce competition in the European Economic Area (EEA) or any substantial part of it, including France. The Commission's decision is conditional upon full compliance with the commitments.

Companies and products

Advent International is a US based private equity firm with holdings in various sectors.

Oberthur, a portfolio company controlled by Advent International, is a global digital security provider based in France which is active in the payment, identity and telecommunication sectors.

Morpho (Safran Identity & Security) is a global provider of identity and security solutions based in France. Morpho provides solutions and services to manage citizen identities, applications in the area of public security, and connectivity and security solutions, in particular smart cards, to serve banks, telecom operators and other commercial service providers.

Merger control rules and procedure

The transaction was notified to the Commission on 24 February 2017.

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). This deadline is extended to 35 working days in case remedies are submitted by the parties, such as in this case.

More information on this case will be available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8258](#).

[Remarks by the High Representative Mogherini following the 7th EU-China](#)

Strategic Dialogue

Beijing, 19 April

Check against delivery!

First of all, Mr. State Councillor [Yang Jiechi], thank you very much for hosting me in Beijing today. This is the third session of the EU-China Strategic Dialogue that we have co-chaired since I took office as the European Union High Representative and also my third visit to Beijing in just over two years. And it has been, as always but even more than always, a very productive, a very positive meeting.

I am also personally particularly pleased to say that we have established an excellent working relation, for which I would like to thank you particularly, and yesterday I also had the honour of meeting Premier Li Keqiang. We had a very good and productive exchange, notably on the upcoming EU-China Summit in Brussels and on how we can strengthen our cooperation in times when the world needs it.

We are living clearly in times of growing tensions and geopolitical unpredictability, so our cooperation has never been so important. China and the European Union are global powers: we have a joint responsibility to work together towards a more cooperative, rules-based global order.

And especially after such a long, good, productive Dialogue that we had – more than three hours together covering different issues -, I can definitely say that we can meet, together, these expectations of a joint EU-China role for improving the conditions of our world and our citizens, and that our Strategic Partnership has indeed reached an unprecedented level of maturity.

First of all, on the many dramatic crises we have open on the world scene, we value the role of China as a Permanent Member of the Security Council and a key security and foreign policy partner for the European Union. Working together, we can make a difference not only for our respective citizens but also for the entire world starting from the many crises that worry us around the European region or the Asian region.

Looking at the European Union's region – to start with -, our priority is to bring to an end the dramatic war in Syria. We discussed at length together ways to actively support the UN-led process while working to improve the humanitarian access into the country. We share the assessment that the process has to be political, that all parties have to engage, that on the use of chemical weapons we need a clear investigation – that the OPCW [Organisation for the Prohibition of Chemical Weapons] is conducting – and that only once a credible political transition will be underway will we mobilise the necessary resources to help the Syrians on the reconciliation

and the reconstruction, as we affirmed together during the *Brussels conference we hosted on the future of Syria and the region* at the beginning of April, also together with the UN Secretary General António Guterres.

We also discussed at length, as the State Councillor mentioned, the rising tensions on the Korean peninsula where we both support the urgent objectives of de-nuclearisation, de-escalation of tensions and a return to dialogue. And as Mr State Councillor mentioned, the European Union is ready to do its part to help on these objectives. The European Union fully and robustly implements the UN Security Council Resolutions when it comes to the violations of the DPRK [Democratic People's Republic of Korea] and we are equally committed to support a political process that can lead to these objectives we share.

We also agreed to work more together to mobilise international support for a peace process in Afghanistan that still needs to start. I will, by the way, discuss this issue in particular, but also others, in the coming days in Delhi and in Moscow later this week. And we decided that in particular on the work on the DPRK and the increased tensions in the Korean Peninsula, but also on Syria and Afghanistan we will keep close coordination in the weeks to come.

Moving a little bit to the West, I thanked China for the excellent role that it is playing on the full implementation of the JPCOA [Joint Comprehensive Plan of Action] – the agreement we reached together on the nuclear programme of Iran, and we reaffirmed together the strong determination to have all elements of the JPCOA fully implemented and continue to consider the agreement as a key pillar for arms control and the nuclear non-proliferation regime and we will continue to work together in this direction within the Joint Commission that I continue to chair, and in which China is an active, constructive and very valued member.

We also discussed our positions on the Middle East Peace Process, reaffirming that the framework for us stays the one set in the UN Security Council Resolutions. We exchanged views on the crisis in Libya and we decided to increase our cooperation, in particular in regard to Africa, where we have a lot of potential, including trilateral cooperation.

We also discussed how to increase our cooperation in the field of security and defence, including on creating further opportunities for us to work together on challenges related to peacekeeping and counter-piracy, but also on counter-terrorism – another area where we decided to increase our cooperation.

The European Union and China have one of the world's biggest trade and investment relationships and our partnership has an increasingly global dimension that goes beyond the bilateral one. The European Union listened very carefully to President Xi Jinping's speeches earlier this year in Davos and Geneva and to the commitments he made on behalf of China to free trade, multilateralism and sustainable development. More than ever, we must work together not only to uphold but to promote the rules-based international system which underpins our common prosperity and security.

At the global level, the European Union and China were behind two of the most successful agreements the world managed to achieve, meaning the multilateral agreements in Paris on climate change and on the Sustainable Development Goals in New York. Now we come to the implementation phase and we decided to work very closely together to ensure that both the European Union and China continue to play a key role on the global scene – especially on these two files – but also on others that are in our common interest.

I mentioned two fields of global issues where we see the need to work closely together to guarantee the world order is sustained: the need to implement the Paris climate change agreement; and the need to work on the UN Sustainable Development Goals. Let me add a third element: we both recognise the need to support the WTO [World Trade Organisation] and to avoid any protectionist policy or attitude. The European Union and China will work together in this direction.

All these elements of cooperation between the European Union and China on regional and global issues will be covered, among others, at the EU-China Summit that will take place in June in Brussels, together with important elements of the bilateral dimension of our relations.

We discussed today at length, and also yesterday with the Premier [Li Keqiang], the important positive agenda we share. We aim to launch talks on visa facilitation and tackling irregular migration, to strengthen infrastructure links via the EU-China Connectivity Platform, and make substantial progress on the negotiation of a Comprehensive Agreement on Investment.

China and the European Union recognise that we have a vested interest in the success of each other's structural reforms, with full respect of internal proceedings, but also with a clear stake we both have. This success of structural reforms will also increase the possibility of market openings which is key to our respective economies.

The relationship – the strategic, important relationship – between the European Union and China is based on strong elements: partnership, engagement, respect for the principles of the UN Charter and international law. We also have the wisdom and experience – and I would like to add, the friendship – that allows us to tackle our differences in a constructive and open manner. I conveyed to the State Councillor the European Union's concern about human rights in China. We firmly believe that frank and constructive dialogue is the best way to address all issues, as good friends who respect each other tend to do.

So, let me conclude by sharing the assessment that the State Councillor mentioned before: of an extremely positive state of play of our relationship; of an extremely positive agenda for this visit, for this strategic dialogue; and a good basis for the preparation of our upcoming summit.

I believe, especially after today's meeting, that we have an excellent basis not only to assess good progress made during the last year, but most of all to agree on a positive agenda and tackle differences that might remain, in a

constructive manner.

Link to the video:

<http://ec.europa.eu/avservices/video/player.cfm?ref=I137075>

[Article – EU priorities for 2017: what Parliament has achieved so far](#)

The European Union is focussing this year on delivering results in areas that matter to all Europeans. EU institutions have agreed on a set of priorities ranging from boosting e-commerce to protecting the environment and strengthening borders. Four months into the year, check out which major legislative proposals MEPs have already approved.

At the end of 2016, the European Parliament, Council and Commission signed for the first time a [joint declaration setting out a list of legislative proposals](#) that should be given priority in the year ahead. The EU institutions pledged to prioritise six key areas:

Find out more about the [specific legislative files](#) identified in these areas.

A substantial number of proposals have already been dealt with by Parliament. Regarding security, MEPs approved a proposal to widen the scope of what constitutes terrorism-related offences across the EU, [criminalising preparatory acts](#) such as training to commit terrorist attacks and travelling abroad to join a terrorist group. New rules imposing [systematic checks against databases](#) on everyone entering or leaving the EU were also approved. In addition, MEPs endorsed [tighter controls on blank-firing and deactivated guns](#) to make sure they do not fall into the wrong hands.

Building a thriving digital marketplace requires being able to meet the increasing demand for mobile data. With this in mind, MEPs voted in favour of [making the 700 MHz band available](#) for the next generation of mobile internet. They also cleared the last hurdle to the end of roaming by fixing [caps on the fees that telecoms can charge each other](#).

Parliament adopted its position on the reform of the [EU's emissions trading scheme](#), which should improve the functioning of the EU market for carbon credits and create incentives for companies to invest in greener technologies. A package of measures to [reduce landfilling of waste and boost recycling](#) also received MEPs' backing. On these two issues, Parliament still needs to reach an agreement with the Council on the final text of the legislation.

MEPs are also negotiating with the member states in the Council on steps to [tighten money laundering legislation](#), safeguard the [security of gas supply](#)

and establish an [EU agency for asylum](#) with more powers compared to the existing European Asylum Support Office.

Mergers: Commission clears acquisition of sole control of ITP by Rolls-Royce, subject to conditions

Rolls-Royce, together with ITP, MTU of Germany and Safran of France, is a member of the military engine consortium EPI (*Europrop International GmbH*). EPI designs and manufactures the engine powering the Airbus A400M, which competes with the Lockheed Martin C-130J aircraft, powered by a Rolls-Royce engine.

The Commission had concerns that the transaction, as originally notified, would have enabled Rolls-Royce, by acquiring ITP, to obtain additional influence on the decision-making process of the EPI consortium, on matters that affect its competitiveness against the Lockheed Martin C-130J.

In order to remove these concerns, Rolls-Royce offered commitments in relation to the EPI governance rules that will eliminate the conflict of interest created by the merger and ensure that the EPI consortium remains competitive.

The Commission also investigated whether the relationship between ITP and Rolls-Royce raised competition concerns. In particular, the Commission examined whether the merged entity would have the ability and incentive to shut out the supply of ITP's engine components to other manufacturers of aircraft engines competing with Rolls-Royce. However, the Commission concluded that, after the merger, Rolls-Royce would have neither the ability nor the incentive to do so.

The Commission concluded that the transaction, as modified by the commitments, would no longer raise competition concerns. The decision is conditional upon full compliance by Rolls-Royce with its commitments.

Companies and products

Rolls-Royce is active in the development and manufacture of aircraft engines and power systems for civil aerospace, defence aerospace, marine and energy applications.

ITP (*Industria de Turbo Propulsores*) is a joint venture between Rolls-Royce and Spanish SENER, established in 1989. ITP specialises in the manufacture of aircraft engine components and includes among its activities design, research and development, manufacturing and casting, assembly and testing of aircraft

engine components.

ITP is a supplier of engine components to Rolls-Royce and other aircraft engine manufacturers, whereas Rolls-Royce is mainly active in the production of aircraft engines for air frame manufacturers.

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 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).

A non-confidential version of today's decision will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8242](#).

[Tim Farron on TV debates: What is Theresa May so scared of?](#)

Liberal Democrat leader Tim Farron has called out Theresa May for refusing to take part in televised debates as ITV announced they will go ahead with a leaders' debate.

Speaking at Prime Minister's Questions today, Tim Farron said: "This election can change the direction of our country. From the consequences of potential hard Brexit outside the Single Market to the future of our NHS and social care, schools and environment.

"The British people deserve to hear party leaders set out their plans and debate them publicly. But the Prime Minister has refused to take part in televised leaders' debates.

"The Prime Minister and I, back in 1992, debated publicly, forcibly and amicably when we were both candidates together.

"Indeed, the Prime Minister called out the then incumbent who did not show up for some of those debates.

"Why will she not publicly debate these issues now – what is she scared of?"