

# Mergers: Commission opens in-depth investigation into Knorr-Bremse's proposed takeover of competing brakes manufacturer Haldex

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Brakes are a crucial component for the safety of the millions of trucks, trailers and buses that transport goods and passengers across Europe every day. We want to ensure that Knorr-Bremse's takeover of Haldex does not restrict competition for these critical components, which could lead to less innovation, for example in the development of automated driving, or to price increases for vehicle manufacturers, fleet operators and ultimately consumers."*

Knorr-Bremse and Haldex are two of the world's largest manufacturers of commercial vehicle brake systems and components, together with Wabco, with a particularly significant presence in the European Economic Area. Knorr-Bremse announced its public offer for Haldex on 5 September 2016 and eventually outbid the competing offer of ZF Friedrichshafen, another car parts manufacturer.

## **The Commission's concerns**

The Commission's initial investigation has shown that the proposed merger would likely remove a significant competitor from an already very concentrated sector.

The Commission has concerns regarding a number of markets where Knorr-Bremse and Haldex currently compete, such as electronic braking systems (EBS) and air disc brakes for both trucks and trailers, anti-lock braking systems (ABS) for trailers, valves and air treatment systems. These markets have high entry barriers due to the technical and regulatory requirements for safety-critical equipment, as well as the significant research and development efforts required to enter, or expand, in these markets.

At this stage, the Commission is concerned that, following the transaction, the level of the remaining competition would be insufficient to avoid price increases and to meet customer requirements in terms of innovation. In some markets, this may result in having Wabco as the only effective competitor to the merged entity.

The transaction was notified to the Commission on 1 June 2017. The Commission now has 90 working days, until 30 November 2017, to take a decision. The opening of an in-depth inquiry does not prejudge the final result of the investigation.

On 30 June 2017, Knorr-Bremse submitted commitments to address the

Commission's concerns. However, the Commission considered these commitments insufficient to clearly dismiss its serious doubts as to the transaction's compatibility with the EU Merger Regulation. The Commission therefore did not test them with market participants.

Given the worldwide scope of Knorr-Bremse and Haldex' activities, the Commission is cooperating closely with the Department of Justice in the United States.

### **Companies and products**

**Knorr-Bremse**, headquartered in Germany, is a global manufacturer and supplier of brake systems and components, door systems and other equipment for railway and commercial vehicles. Knorr-Bremse's portfolio for commercial vehicles includes, inter alia, foundation brake products such as air disc brakes and actuators, EBS, ABS, valves, air treatment and driver assistance systems.

**Haldex**, headquartered in Sweden, is a global manufacturer and supplier of various brake systems and components, as well as air suspension control systems, for commercial vehicles. Its business activities comprise foundation brake products, including slack adjusters, air disc brakes and actuators, EBS, ABS, valves and air treatment components.

### **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).

In addition to the present transaction, there is currently one other on-going phase II merger investigation in the [proposed acquisition of NXP by Qualcomm](#).

More information will be available on the [competition](#) website, in the Commission's [public case register](#) under the case number [M.8222](#).

---

## **[Route migratoire en Méditerranée centrale: Déclaration de Tunis](#)**

Roaming charges ended in the European Union on 15 June 2017. Europeans

travelling within EU countries will 'Roam Like at Home' and pay domestic prices for roaming calls, SMS and data. ...

On 23 June 2016 citizens of the United Kingdom (UK) voted to leave the European Union (EU). On 29 March 2017 the UK formally notified the European Council of its intention to leave the EU by...

Over the past 20 years, the European Union has put in place some of the highest common asylum standards in the world. And in the past two years, European migration policy has advanced in leaps and...

'Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity.' Robert Schuman 9 May 1950 On 25 March 2017, ...

In response to the illegal annexation of Crimea and deliberate destabilisation of a neighbouring sovereign country, the EU has imposed restrictive measures against the Russian Federation. Overview...

European Commission President Jean-Claude Juncker delivered his annual State of the Union speech at the European Parliament on 14 September 2016, just two days ahead of the informal meeting of 27...

Enlargement is the process whereby countries join the EU. Since it was founded in 1957, the EU has grown from 6 member countries to 28. Any European country that respects the principles of liberty, ...

---

## [Concentrations: la Commission ouvre une enquête approfondie sur le projet de Knorr-Bremse de racheter le fabricant de freins concurrent Haldex](#)

Roaming charges ended in the European Union on 15 June 2017. Europeans travelling within EU countries will 'Roam Like at Home' and pay domestic prices for roaming calls, SMS and data. ...

On 23 June 2016 citizens of the United Kingdom (UK) voted to leave the European Union (EU). On 29 March 2017 the UK formally notified the European

Council of its intention to leave the EU by...

Over the past 20 years, the European Union has put in place some of the highest common asylum standards in the world. And in the past two years, European migration policy has advanced in leaps and...

'Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity.' Robert Schuman 9 May 1950 on 25 March 2017,...

In response to the illegal annexation of Crimea and deliberate destabilisation of a neighbouring sovereign country, the EU has imposed restrictive measures against the Russian Federation. Overview...

European Commission President Jean-Claude Juncker delivered his annual State of the Union speech at the European Parliament on 14 September 2016, just two days ahead of the informal meeting of 27...

Enlargement is the process whereby countries join the EU. Since it was founded in 1957, the EU has grown from 6 member countries to 28. Any European country that respects the principles of liberty,...

---

## [Proposal for a new EU strategy on Afghanistan: in support of peace and prosperity](#)

In recent years, Afghanistan has been confronted with a number of challenges that threaten the progress made in its economic and social development and its democratic institutions. The European Union recognises that the delicate security situation and the fragile economic situation the country is facing, combined with a clear determination on the part of the Afghan authorities to implement much-needed reforms necessitates renewed attention from the international community. Today, the High Representative for Foreign Affairs and Security Policy and the European Commission have set out their vision for how the European Union can support Afghanistan both to address its challenges and to bring about positive change for the Afghan people.

The Joint Communication on elements for an EU strategy on Afghanistan is available [online](#).

Federica **Mogherini**, the High Representative of the European Union for Foreign

Affairs and Security Policy/Vice-President of the European Commission, said: *“The Afghan people deserve peace and prosperity. As the European Union, we have been standing by them and will continue to do so, in support of the reform process, of Afghanistan’s democratic path, of the rule of law and human rights, and of bringing peace to the country, to the benefit not only of all Afghans but also of the entire region and the international community as a whole. This work towards peace needs to be led by Afghans and owned by Afghans, but the active support of the region and of the international community is crucial. The Afghan people can count on the European Union to accompany this process.”*

Neven **Mimica**, the Commissioner for International Cooperation and Development, said: *“Afghanistan is not alone. We will continue the support which we have been providing since 2002 – to make sure that the development achievements of the last years are not lost. With the EU’s support, more Afghan women are actively participating in the country’s politics. Access to health care has increased, and farmers are better supported to improve agricultural production than before. Moving forward to help Afghanistan overcome its many challenges, we will renew our engagement and focus on supporting good governance and the justice sector, creating sustainable growth and jobs, and ensuring basic social services for the Afghan people.”*

The Joint Communication sets out ways in which the European Union can work, in close cooperation with civil society, the Afghan authorities, and all stakeholders, towards lasting peace, a consolidated democracy, equitable development and social justice in Afghanistan. It proposes concrete actions, focussing on five priority areas:

#### **Peace, stability and regional security:**

- Supporting and promoting an inclusive, **Afghan-led and Afghan-owned peace and reconciliation process** leading to a negotiated peace settlement
- Building the capacity of the Afghan government to reach out to all those in **sincere negotiations on peace and reconciliation**.
- Supporting the civilian aspects of **security sector reform**, including the professionalisation of the police and the fight against corruption in this area.
- Working with the government of Afghanistan to support its **strategic policy priorities**, including peacebuilding and sustainable development.

#### **Democracy, rule of law and human rights:**

- Assisting Afghanistan’s efforts to **reform its electoral system and to strengthen the integrity of the electoral process**, for example by supporting independent electoral bodies or assisting in drafting of electoral legislation and regulations.
- Helping to **fight corruption**, as well as supporting the country’s justice sector, parliament and civil society.
- Working with the Government of Afghanistan to **address human rights concerns**, including respect for minorities, child protection or the fight against impunity.

## Economic and human development:

- Providing **technical cooperation** to assist the Afghan authorities to implement the Agenda 2030 for Sustainable Development, and their own National Peace and Development Framework.
- Reinforcing the role of **rural economies and agriculture**, an increased role of the **private sector** and enhancing **resilience**.
- Supporting **regional connectivity**, to further improve the country's transit, transport and energy corridors and to enable increased trade throughout the region.

## Migration:

- Working together to fully implement the *EU-Afghanistan Joint Way Forward on migration issues* and the bilateral memoranda of understanding concluded between EU Member States and Afghanistan.
- Helping to **address the root causes** of irregular migration and forced displacement.
- Helping to create an environment that offers the Afghan people an **alternative to irregular migration**, as well as to enable the **sustainable reintegration** of returnees from the EU and non-EU countries through a community-based approach.

## Empowering Women:

- Supporting the implementation of the national action plan for UNSC resolution 1325 on **women, peace and security**, and other national women's empowerment legislation.
- Supporting the incorporation of legislation and additional measures to **prevent, combat and criminalise violence against women** and sexual harassment.
- Strengthening **the role and rights of women** in preventing and resolving conflicts, in democratic participation, and in sustainable development.

The Joint Communication is the latest illustration of the European Union's strong engagement in and strong commitment to Afghanistan. Notably, it follows the [Brussels Conference on Afghanistan](#), held in October 2016 in Brussels, the signing of a new [EU-Afghanistan Cooperation Agreement on Partnership and Development](#) in February 2017, and the appointment of a [Special Envoy to Afghanistan](#) in June.

The actions proposed in the Joint Communication will be discussed with the EU Member States and the European Parliament in the coming weeks, and will contribute to a **new EU Strategy on Afghanistan**, to be finalised soon afterwards.

## Further Information

[Joint Communication](#): Elements for an EU Strategy on Afghanistan

[Factsheet](#): EU-Afghanistan relations

[Website](#): Delegation of the European Union to Afghanistan

[Website](#): International Cooperation and Development – Afghanistan

[Press Release](#): European Union strengthens engagement with Afghanistan through the appointment of a Special Envoy

[Press Release](#): Brussels Conference on Afghanistan: realising Afghanistan's economic potential and reinforcing the role of women

[Press Release](#): Brussels Conference on Afghanistan: continued international support for Afghanistan's political and economic stability and development

---

## [Daily News 24 / 07 / 2017](#)

### **Juncker Plan now set to trigger more than EUR 225 billion in investments across all 28 Member States**

Following last week's meeting of the [European Investment Bank's](#) (EIB) Board of Directors, the [Juncker Plan](#) is now expected to trigger more than EUR 225 billion in investments. This comes just over two years after the Juncker Commission launched the European Fund for Strategic Investments (EFSI) at the heart of the Plan and represents well over two-thirds of the EUR 315 billion target of total investments mobilised that was originally earmarked. The operations approved under the EFSI represent a total financing volume of over EUR 43 billion and are located in all 28 Member States. The EIB has now approved 276 EFSI-backed operations, supported by EUR 33.7 billion in EFSI financing. The [European Investment Fund](#) (EIF) has approved 296 SME financing agreements, with total financing under the EFSI of just under EUR 10 billion. Around 445,000 SMEs and Midcaps are expected to benefit from improved access to finance as a result of these EIF agreements. Recent loan agreements made possible by the Juncker Plan's EFSI include EUR 150 million to upgrade [broadband networks in Greece](#), EUR 30 million to finance the construction of new state of the art facilities at the [University of Latvia](#) and EUR 125 million to support the construction of over [2,000 social housing units in Barcelona](#). The Commission is working closely with the Parliament and Member States towards the final adoption of the [proposal to extend and reinforce the EFSI](#) (the so-called "EFSI 2.0"). *(For more information: Annika Breidhardt – Tel.: +32 229 56153; Enda McNamara – Tel.: +32 229 64976)*

### **Commission launches consultation on how to make cross-border payments cheaper**

The Commission is launching today a public consultation on ways to reduce the costs of cross-border payments within the European Union in currencies other than the Euro. The EU has already abolished costs for cross-border payments in the Euro Area: these now cost the same as national payments. As announced in its [Consumer financial services action plan](#) of March 2017, the Commission now wants to extend similar savings to other currencies and eliminate charging practices that are not favourable to consumers. This is also part of

the Commission's efforts to improve the transparency of the fees that consumers pay in related transactions. Vice-President Valdis **Dombrovskis**, responsible for Financial Stability, Financial Services and the Capital Markets Union, said: *"In our Action Plan on Consumer Financial Services, we committed to proposing legislation to reduce charges for cross-border transactions in all Member States. Euro transactions in the euro area are usually priced very low, but this is not always the case with cross-border transactions made in other Member States' currencies or outside the euro area. I want to make sure that all Europeans pay less when transferring money abroad or taking money out of cash machines during their holidays – no matter which currency they use or where they are in the EU"*. The consultation seeks to gather views from a broad range of interested parties and will include a separate questionnaire geared to consumers. The feedback to this consultation will help the Commission define the best way forward to complete the objective of reducing the cost of cross-border payments. The consultation questionnaires are available [here](#) and will be open until 30 October 2017. (For more information: Vanessa Mock – Tel.: +32 229 56194; Letizia Lupini – Tel.: +32 229 51958)

### **New trade figures confirm solid performance of European agri-food exports**

The Commission has published today its [monthly agri-food trade report](#) featuring a highlight on the agreement the EU and Japan reached in principle on an [Economic Partnership Agreement](#). The report shows that the total value of EU agri-food exports increased by 9% in May 2017 compared to last year. Monthly exports particularly increased for the US, China, Japan, Hong Kong, Russia and Korea. Between June 2016 and May 2017, EU agri-food exports reached a value of € 131.8 billion, corresponding to a sustained increase by 2.6%. Despite a reduction in pig meats exports in the March-May 2017 period, the export performance increased significantly over the last twelve months by 17%. By sector, the highest export growth for May 2017 came in wine, infant food, fatty acids, and milk powders. Monthly values for EU agri-food imports also increased in May 2017 by 13% resulting in a total net trade balance of + € 675 million. In light of the EU-Japan Economic Partnership Agreement, the report's focus section zooms into the agri-trade relationship between the two partners. The agreement will be the most successful one ever achieved in agriculture, providing EU exporters with better opportunities. Already ranking as 4<sup>th</sup> biggest exporter to Japan, the EU is likely to become the most significant agri-trade partner for Japan with products such as pork meat, wine, cheese and spirits. The full report is [online](#). (For more information: Daniel Rosario – Tel.: + 32 229 56185; Kinga Malinowska- Tel.: +32 229 51383)

### **EU to open Delegation to Mongolia**

Following a decision by Federica **Mogherini**, the High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission, the European Union will open a Delegation to Mongolia. Once implemented in the course of 2017, this will bring the total number of EU Delegations around the world to 140. The President of the European Commission, Jean-Claude **Juncker** said: *"The European Union is delivering on a promise to open a fully-fledged delegation in Mongolia – a democratic country strategically located between China and Russia and an important partner for*



*us. I have visited Mongolia three times, the first in 1998 and most recently in 2016. The wonderful progress of this country and its development deserves our warmest congratulations, and certainly merits a full-time European Union presence.”* The High Representative/Vice-President, Federica **Mogherini** said: *“Mongolia has an important role in a complex region, with a unique geostrategic position. This Delegation represents an investment for the European Union in view of strengthening our relationship with Mongolia, and a commitment to the people of the country. Soon we will also sign our new [Partnership and Cooperation Agreement](#), which is a further demonstration of the importance we place on developing our close ties.”* A full press release is available [online](#). For more information on EU-Mongolia relations, visit the [website](#) of the Delegation. (For more information: Maja Kocijancic – Tel.: +32 229 86570; Adam Kaznowski – Tel.: +32 229 89359)

### **Proposal for a new EU strategy on Afghanistan: in support of peace and prosperity**

Today, the High Representative for Foreign Affairs and Security Policy and the European Commission have adopted a Joint Communication on elements for an EU strategy on Afghanistan (available [online](#)). In doing so, they have set out their vision for how the European Union can support Afghanistan both to address the delicate security situation and the fragile economic situation it is facing and to bring about positive change for the Afghan people. The High Representative/Vice-President, Federica **Mogherini**, said: *“The Afghan people deserve peace and prosperity. As the European Union, we have been standing by them and will continue to do so, in support of the reform process, of Afghanistan’s democratic path, of the rule of law and human rights, and of bringing peace to the country, to the benefit not only of all Afghans but also of the entire region and the international community as a whole.”* Neven **Mimica**, the Commissioner for International Cooperation and Development, said: *“Afghanistan is not alone. We will continue the support which we have been providing since 2002 – to make sure that the development achievements of the last years are not lost.”* The Joint Communication focusses on five priority areas, namely: peace, stability and regional security; democracy, the rule of law and human rights; economic and human development; migration; and empowering women and proposes ways in which the European Union can work, in close cooperation with civil society, the Afghan authorities, and all stakeholders, towards lasting peace, a consolidated democracy, equitable development and social justice in Afghanistan. A full press release is available [online](#). For more information on EU-Afghanistan relations, see the [factsheet](#) and the [website](#) of the EU Delegation. (For more information: Maja Kocijancic – Tel.: +32 229 86570; Carlos Martín Ruiz de Gordejuela – Tel.: +32 229 65322; Adam Kaznowski – Tel.: +32 229 89359; Christina Wunder – Tel.: +32 229 92256)

### **ANNOUNCEMENTS**

#### **Commissioner Moscovici visits Athens, Greece, tomorrow**

Commissioner for Economic and Financial Affairs, Taxation and Customs, Pierre **Moscovici** travels to Athens tomorrow for wide-ranging discussions with the Greek authorities. The trip will provide an occasion to discuss the Greek

programme following the successful closure of the second review and the Commission's recommendation that Greece exit the Excessive Deficit Procedure. During his visit, Commissioner **Moscovici** will meet the President of the Hellenic Republic, Mr Prokopis Pavlopoulos; the Prime Minister Mr Alexis Tsipras; and the Minister for Finance, Mr Euclid Tsakalotos. The Commissioner will also meet the Governor of the Bank of Greece, Mr Yannis Stournaras, and the President of the 'Nea Dimokratia' party, Mr Kyriakos Mitsotakis. Before travelling to Athens, Commissioner **Moscovici** noted: *"Since my last visit to Athens some months ago, Greece has concluded the second review of its stability support programme, enabling it to receive a further large disbursement from the European Stability Mechanism. The Eurogroup has further clarified its commitment to ensure Greece's debt sustainability. And most recently, the Commission has proposed closing the Excessive Deficit Procedure for Greece after eight years. All these developments are recognition of the efforts made by the Greek people over these past very difficult years. I am looking forward to taking stock with the authorities of all that has been achieved and to discussing the next steps as Greece works towards a successful conclusion to the programme in just over one year's time."* (For more information: Annika Breidhardt – Tel.: +32 229 56153; Enda McNamara – Tel.: +32 229 64976)

[Upcoming events](#) of the European Commission (ex-Top News)