

Mergers: Commission approves acquisition of Rockwell Collins by UTC, subject to conditions

Commissioner Margrethe **Vestager**, in charge of competition policy said: *"When we take a trip on a plane, we usually don't think about all the different components that go into building the aircraft. UTC and Rockwell Collins are two of the biggest suppliers of these components to aircraft makers worldwide. We need to ensure that competition is preserved for all of them. We can allow this merger to go ahead because in all the markets where we raised concerns, UTC has committed to divest activities covering the entire overlap between the two companies."*

UTC and Rockwell Collins are suppliers of aerospace systems and equipment to aircraft producers such as Airbus and Boeing. Both manufacture a broad range of products, with largely complementary portfolios. UTC focuses on products such as power generation, propulsion systems and landing systems, while Rockwell Collins focuses on avionics and different cabin interior products.

The Commission's investigation

The Commission gathered extensive information from dozens of aircraft component manufacturers, airlines and airframe manufacturers during its investigation.

On the basis of its preliminary investigation, the Commission was concerned that the transaction, as originally notified, would have reduced competition in the markets for trimmable horizontal stabiliser actuators (THSAs), certain pilot controls (throttle quadrant assemblies and rudder brake pedal systems), pneumatic wing ice protection and oxygen systems.

Following its investigation, the Commission found that:

- concerning THSAs, pilot controls and pneumatic wing ice protection, UTC and Rockwell Collins are important global players that would have faced limited competition from competing suppliers after the transaction.
- concerning oxygen systems, the market is already highly concentrated, with Rockwell Collins as the leading global supplier, while UTC had plans to enter that market and challenge Rockwell Collins with newly developed technologies.

The Commission concluded that other overlaps and vertical links between UTC and Rockwell Collins' activities did not lead to any competition concerns, mainly because of the existence of a sufficient number of alternative suppliers.

The Commission also investigated whether the merged entity would have the ability and incentive to use components in its portfolio to shut out

competitors, through practices such as bundling or tying. The Commission concluded that the merged entity would have neither the market power nor the incentives to engage in such strategies and harm competition.

The proposed remedies

To address the Commission's preliminary concerns, UTC offered to divest the following activities:

- Rockwell Collins' entire global THSA and pilot control businesses, located at several sites mainly in the US and Mexico,
- Rockwell Collins' entire global business in ice protection, located in a single facility in the US,
- UTC's two research projects in oxygen systems.

The Commission found that the proposed commitments fully remove the overlaps between UTC and Rockwell Collins in the markets where competition concerns had been identified.

Therefore, the Commission concluded that the proposed transaction, as modified by the commitments, would no longer raise competition concerns in the European Economic Area (EEA). The decision is conditional upon full compliance with the commitments.

International cooperation

Given the worldwide scope of the companies' activities, the Commission has cooperated closely with other competition authorities, including the US Department of Justice and the Canadian Competition Bureau as well as the competition authorities of Brazil and China.

Companies and products

UTC, based in the US, provides high-technology products and services for the building systems and aerospace industries worldwide. The UTC group comprises the following business units: (i) Otis Elevator Company, (ii) UTC Climate, Controls & Security, (iii) Pratt & Whitney, and (iv) UTC Aerospace Systems.

Rockwell Collins, based in the US, manufactures and supplies aviation and integrated solutions for both commercial and government applications. It also manufactures and supplies a variety of aircraft cabin interior products.

Merger control rules and procedures

The transaction was notified to the Commission on 12 March 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). This deadline is extended to 35 working days in cases where remedies are submitted by the parties, such as in this case.

More information will be available on the Commission's [competition](#) website, in the Commission's [public case register](#) under the case number [M.8658](#).