

Mergers: Commission clears the merger of aerospace equipment suppliers Safran and Zodiac

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Both Safran and Zodiac are significant French actors in the aeronautics markets but competition in these markets in Europe will remain strong. We can green light this transaction and the emergence of a strong European player with our EU merger rules.”*

Both Safran and Zodiac are active worldwide in the aerospace equipment industry. The Commission carried out a broad investigation of the markets where the companies are active:

- Both companies supply **aircraft electrical systems**. However, the Commission found no serious competition concerns because the increase in market shares resulting from the transaction is very limited, and the merged entity will continue to face strong competition from other established suppliers.
- On markets on which the merging companies are active at different stages of the supply chain, for example as suppliers of landing gears and wiring systems or related components, the Commission found that **the merged entity would not have the ability and/or incentive to foreclose third parties**, notably because alternative suppliers and customers would in any event remain available.
- On the **combination of the companies’ product portfolios** and any possible detrimental effects on competition by enabling the merged entity to shut out rivals supplying a narrower range of products, the Commission found that the merged entity would not have the ability and/or incentive to exclude competitors by tying or bundling the supply of different systems and equipment.

In view of the above, the Commission therefore concluded that the proposed transaction would raise no competition concerns in any of the markets concerned.

Companies and products

Safran of France is active in the aerospace and defence industries worldwide. Safran’s aerospace propulsion business includes the development and manufacture of aircraft engines, helicopter turbine engines and space engines. Safran also supplies other types of aircraft equipment such as landing systems, wheels and brakes, nacelles, electrical systems and wiring systems.

Zodiac Aerospace also of France is active in the aerospace industry in the development and manufacture of aircraft equipment such as electrical and wiring systems, on-board systems such as seats and galley inserts, as well as

solutions for space applications. Its product offering includes aircraft seats, cabin interiors and various equipment including safety, electrical, control and water and waste systems.

Merger control rules and procedure

The transaction was notified to the Commission on 16 November 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).

More information will be available on the Commission's [competition](#) website, in the public [case registry](#) under the case number [M.8425](#).