

# Mergers: Commission opens in-depth investigation into Nidec's proposed acquisition of Whirlpool's refrigeration compressor business

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Refrigeration compressors are used not only in commercial applications but also in our homes, in fridges and freezers. This industry is already highly concentrated, therefore the Commission will closely analyse the impact on competition of Nidec’s proposed acquisition of Embraco, to ensure their customers and final consumers are not harmed due to higher prices or less choice.”*

Nidec and Embraco, the compressor business of Whirlpool, both produce compressors that are used in refrigeration appliances for household use, such as kitchen refrigerators and freezers, and for light commercial use, for instance beverage coolers, commercial refrigerators and freezers, and refrigerated display cabinets.

Compressors run at either a **fixed speed**, regulating the temperature by turning on and off as needed, or **variable speed**, adjusting the speed at which they run depending on the need for cooling in order to maintain the desired temperature. Variable speed compressors tend to be more energy efficient, quieter and more expensive than fixed speed compressors with the same cooling capacity. As energy efficiency standards are progressively increased in the refrigeration appliances industry, the demand for variable speed compressors is expected to grow at the expense of fixed speed compressors.

Nidec and Embraco are among the leading suppliers worldwide and in the European Economic Area (EEA) for variable speed compressors used in household applications. They are also the two leading suppliers of fixed and variable speed compressors for light commercial applications, at both global and EEA level.

## **The Commission’s competition concerns**

The Commission’s initial market investigation identified the following main concerns:

- For **variable speed compressors used in household applications**, the elimination of competition between Nidec and Embraco could lead to higher prices and less choice.
- For both **fixed and variable speed compressors used in light commercial applications**, the elimination of competition between Nidec and Embraco could lead to higher prices and less choice.

Nidec submitted commitments in order to address the competition concerns

identified by the Commission. Having tested these commitments with market players, the Commission concluded that they were insufficient to remove the concerns raised.

The transaction was notified to the Commission on 8 October 2018. The Commission now has 90 working days, **until 15 April 2019**, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

### **Companies and products**

**Nidec**, based in Japan, is active in the engineering, manufacture, and distribution of a range of electric motors and motor application products. Since its acquisition of Secop GmbH in 2017, Nidec also manufactures and sells compressors for use in refrigeration appliances. Nidec manufactures compressors in Austria, Slovakia and China.

**Embraco**, based in Brazil, is active in the manufacture and sale of compressors for use in refrigeration appliances. Embraco manufactures compressors in Slovakia, Brazil, Mexico and China. Embraco is owned and controlled by Whirlpool, a U.S. company that manufactures a full line of home appliances and related products, including refrigeration appliances.

### **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 current transaction, there are currently six on-going phase II merger investigations: the proposed creation of a [joint venture by Tata Steel and ThyssenKrupp](#), the proposed [acquisition of Aurubis Rolled Products and Schwermetall by Wieland](#), the proposed [acquisition of MKM by KME](#), the proposed [acquisition of Gemalto by Thales](#), the proposed [acquisition of Alstom by Siemens](#) and the proposed [acquisition of Solvay's nylon business by BASF](#).

More information will be available on the [competition](#) website, in the Commission's public [case register](#) under the case number [M.8947](#).