



Determination No. M/04/021 of the Competition Authority, dated 16th June 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/021 – Proposed acquisition by General Electric Company of InVision Technologies Inc.

Introduction

1. On 14th April 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby General Electric Company (GE) would acquire InVision Technologies Inc (InVision). On 13th May 2004, the Authority requested information within the meaning of section 20(2) of the Act, which information was furnished on 20th May.

The Parties

2. GE is a global diversified technology and services company incorporated in the US. Its many divisions include GE Ion Track which is active in the infrastructure security sector by supplying products that can be used for explosives detection. GE Ion Track’s products, which are also referred to as “trace detection products”, utilise technology capable of detecting minute particles or vapour emitted from explosives and/or narcotics. GE’s trace detection products are low cost and not fully automated. Through GE Ion Track, it had a small number of sales of trace detection products into Ireland under €[0-500,000].
3. Through its acquisition of Agfa-Gevaert N.V. in 2003, GE is active in non-destructive testing equipment (NDT), which allows for the technical examination of various characteristics in materials and components without destroying the piece being tested. GE’s NDT products include products based on X-ray technology, but it has had no sales of NDT X-ray products into Ireland in 2003 or in the previous three years.
4. InVision is a public company also incorporated in the United States. It is also active in the infrastructure security sector, selling explosive detection systems to be placed at airports. InVision’s explosives detection systems are non-invasive large automated systems that are used to screen checked-in passenger baggage in airports. InVision has had no sales of explosive detection products into Ireland for the past three years.
5. InVision, through its subsidiary Yxlon is active in NDT equipment based on X-ray and CT technologies. InVision has a small number of NDT sales into Ireland under €[0-500,000].



Analysis

Infrastructure Security

6. Within this sector the parties operate in different segments. InVision sells its EDS products only to aviation customers and GE sells its TD products to a variety of customers, a minority of which are in aviation whilst the remainder include military, government, law enforcement, nuclear plant and other commercial customers.
7. Aviation customers use the parties' products for baggage inspection. Within baggage inspection, a distinction can be made between the checking for explosives in baggage that is carried on board by the passengers themselves ("carry-on baggage") and the checking for explosives in baggage that is checked-in by the passengers before boarding the aircraft ("checked-in baggage"). EDS products are large automated non-invasive systems that are used to check checked-in baggage. TD products, on the other hand, are low-cost and not fully automated. They utilise technology capable of detecting minute traces of explosives and/or narcotics, using ion detection technologies. Carry-on baggage is checked with metal detectors, TD products and manual checks.
8. Both EDS and TD products are used in aviation security to check baggage but they are different in terms of price, size, level of automation, underlying technology, functionality, manufacturing process and life cycle and are not regarded as substitutes from a customer or supplier's point of view. Only GE sells TD products into Ireland, no sales are achieved in the State of InVision's explosives detection products. Moreover, there are competitors in relation to TD products which offer a range of TD products on a European-wide level – Smiths-Heimann and Thermo-Electron. Both Smiths-Heimann and L3 compete with InVision in explosives detection equipment. Therefore the proposed transaction does not give rise to concerns in regard to these products.

NDT

9. The parties' activities overlap in the area of NDT and specifically NDT X-ray products, although not in the State, given that GE has no sales of NDT X-ray products into Ireland. The transaction does not appear to give rise to competition concerns given that GE has no sales of NDT X-ray products into Ireland and enquiries have shown that there are other manufactures whose NDT products are sold into Ireland, including Sonatest, Hocking, Panametrics and Philips.



The Competition Authority
An tÚdarás Iomaíochta

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by General Electric of InVision Technologies Inc. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

16th June 2004