



Determination of the Competition Authority

Determination No. M/04/049 of the Competition Authority, dated 22 September, under Section 21 of the Competition Act, 2002

Notification No. M/04/049 – The proposal by European Aeronautic Defence & Space Company N.V. (EADS) to acquire RIG Holdings Inc. and RIG (Number 2) Limited

Introduction

1. On 27 August 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 European Aeronautic Defence & Space Company N.V. ("EADS") would acquire two subsidiaries of RIG LP: RIG Holdings Inc. and RIG (Number 2) Limited (together described herein as "RIG"). The notified transaction is hereinafter described as "the proposed acquisition".
2. The proposed acquisition is global and was also notified to the competition authorities in Brazil, Germany, Italy and the United States.

The Parties

3. The Acquirer, EADS, is a publicly traded aerospace and defence company, incorporated in the Netherlands. EADS operates five divisions: Airbus (airplane manufacturing); Military Transport Aircraft; Aeronautics (other than Airbus and Military Transport Aircraft); Defence and Security Systems; and Space. The Airbus division has an office in Dublin for dealing with aircraft leasing companies. Other subsidiary businesses, EADS CASA and Eurocopter, operate in the State in the supply of helicopters and CESNA 235 aircraft. EADS' Irish offices are located at IFSC, Dublin 1.
4. RIG Holdings, Inc., the first target company, is incorporated in the United States. RIG (Number 2) Limited, the second target company, is incorporated in the United Kingdom. Both target companies are owned by RIG LP, a limited liability partnership registered in the United States. RIG LP and its subsidiaries (including the target companies) manufacture electronic test and measurement instruments and automatic test equipment, which are used in aerospace and defence and industrial technology system, and also in other applications. RIG LP does not have any physical presence in the State, but makes sales into the State from a UK subsidiary company.

Analysis

5. Globally and in terms of product overlap, the proposed acquisition affects two categories of product.
6. The first category is **electronic test and measurement instruments ("instruments")**, which are used to test the design and functionality of electronic equipment and systems. EADS designs and manufactures customised "specific-to-type" instruments, exclusively for testing and measuring electronic products developed by its internal divisions, i.e. EADS does not supply instruments to customers. RIG also designs and manufactures instruments, which it supplies to aerospace and defence organisations, including EADS.



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7. The second product category is **automatic test equipment ("ATEs")**, which term describes instruments integrated into an IT operating system, and used in many industries to test and measure the parameters of electronic devices. Both parties manufacture and supply ATEs for commercial and military applications. However, EADS does not supply any ATEs in the State. Within the EU RIG only supplies military ATEs to the UK Ministry of Defence.
8. The parties do not compete horizontally in the Irish sector for the manufacture and supply of instruments because only RIG supplies instruments to third parties, whilst EADS only supplies its own divisions. EADS holds no share of the Irish instruments sector, whilst RIG estimates its share of the sector at 0.1%. Further, EADS has no presence in the Irish sector for the supply of ATEs.
9. The proposed acquisition would not result in an increase in concentration in any market for goods or services in the State, as there is no overlap between the parties in the sectors for instruments or ATEs, or in a sector that is upstream or downstream thereof, in the State. Therefore the proposed acquisition would not substantially lessen competition in the State. For this reason, it is not necessary to define the relevant market, or markets, in this investigation.

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 European Aeronautic Defence & Space Company N.V. (EADS) of RIG Holdings Inc. and RIG (Number 2) Limited 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

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Member of the Competition Authority