JOINT VENTURES (COMPUTERS): THE SIEMENS / FUJITSU CASE

Subject: Joint ventures
Conditions (for clearance)

Industry: Computers
(Some implications for other industries)

Parties: Siemens AG
Fujitsu Ltd
Siemens Nixdorf Retail and Banking Systems GmbH

Source: Commission Statement IP/99/719, dated 1 October 1999

(Note. It is increasingly common for clearance of operations under the Merger Regulation to depend on certain conditions and for these conditions to include some form of divestiture. As, in the present case, the Commission's main worry was about the effect of the operation on financial workstations, Siemens agreed to the divestiture of its financial workstation subsidiary.)

The Commission has authorised the creation of a full-function joint venture between Fujitsu Ltd and Siemens AG. The aim of the operation is to combine the European businesses of Siemens and Fujitsu for the development, manufacture and sale of computer hardware and related products, including desktop PCS, laptops, workstations, servers and storage systems. The Commission found that the operation would not create or strengthen a dominant position. However, the clearance has been subject to the companies' compliance with certain commitments, designed to remove the risk of coordination in the market for financial workstations.

Fujitsu is active in the provision of information technology and network solutions for the global market. Siemens is active in the provision of electrical engineering and electronics products and services. They have decided to establish a joint venture company combining their European businesses for the development, manufacture, distribution, marketing and sale of desktop computers, servers, storage systems, workstations and other computer hardware and related products (such as high-end server operating systems). The new company will be active in Western and Eastern Europe, the CIS, the Middle East and Africa.

The Commission examined the operation under the Merger Regulation to determine whether it would create or strengthen a dominant position on the relevant product and geographic markets on which the joint venture would be active. Given the market share of the parent companies and the presence of

powerful competitors on all these markets, the Commission concluded that there was no such risk.

According to the Article 2(4) of the Merger Regulation, a joint venture having as its object or effect the co-ordination of the competitive behaviour of its parent companies also has to be appraised in accordance with the criteria of Article 81(1) and (3) of the EC Treaty. In this respect, the Commission found such effects only on the financial workstations market. Financial workstations are used in the banking sector. They consist of automatic teller machines (ATMs) and cash dispensers, which connect to a central computer. These central verification points link with computerised bank accounts.

To address the Commission's serious competitive concerns in the financial workstations market, Siemens has undertaken to divest itself of Siemens Nixdorf Retail and Banking Systems GmbH, a subsidiary active on that market.

Subject to full compliance with this undertaking, the Commission therefore authorised the concentration. □

Motor Vehicle Industry (I): Assessment of Distribution Arrangements

The Commission has sent out a hundred or so questionnaires to parties involved in the motor vehicle distribution trade, including consumer associations, dealers, independent importer/repairers, independent importers, spare-part producers, firms which sell through the Internet and all the motor vehicles manufacturers.

Regulation 1475/95 on motor vehicle distribution requires the Commission to draw up an assessment report by 31 December 2000, taking particular account of the impact of the authorised distribution system on product price differentials between Member States and on the quality of service to final consumers. The Commission needs to know the facts and the actual economic context in which motor vehicle distribution takes place.

The questionnaires are intended to provide three types of information, namely on:
- recent developments in the motor vehicle distribution trade
- whether the objectives set out in the Regulation have been achieved ; and
- whether technical developments in motor vehicles and new marketing and distribution methods (Internet, hypermarkets) do not call into question the very basis of a specific regulation for the motor vehicle distribution trade.

In this context, the Commission wishes to check whether the "natural" link between the distribution of new vehicles and the provision of after-sales service still exists. The questionnaires will soon be available at the Commission's Internet site: http://europa.eu.int/comm/dg04/aid/en/car.htm. (Source: Commission Statement IP/99/691, dated 20 September 1999.)