

Case number:	Vj-23/2001
Party:	Legrand SA and Schneider Electric SA
Type of case:	concentration
Decision:	authorised
Date:	1 May 2001

Vj-23/2001

Acquisition of control over Legrand SA by Schneider Electric SA (concentration)

Summary

The Hungarian Competition Authority (GVH) authorised the acquisition.

The Schneider Group controlled the following undertakings active in Hungary.

- the Merlin Gerin Zala Villamossági Készülékgyár Kft a producer of cutouts,
- Vertesz Elektronikai Kft a producer of different electronic controlling systems,
- Schneider Electric Hungária Villamossági Rt the distributor of imported Schneider products, distributor of the products of the two undertakings above and producer of current dividers,
- Prodax Rt producer and distributor of electronic appliances (switchers, connectors etc.)

The Legrand Group was present on the Hungarian market through Kontavill Villamosszerelési Rt a producer and distributor of current dividers and electronic appliances.

Concerning all the products produced and distributed by the Groups affected by the planned acquisition ten other market actors were present on the market. Competition was intensive in respect of all the affected segments. The shares of the parties were as follows:

Market share of the Schneider and the Legrand Group in 2000 in Hungary

Product	Schneider	Legrand	Together
High voltage main current dividers	13	-	13
High voltage current dividers	19	2	21
Cables, cable channels, cable racks,	5	-	5
Low voltage current dividers	22	7	29

Network building elements, appliances	14	22	36
Electronic control techniques	20	-	20
Middle voltage control techniques	47	-	47
Energy management systems, industrial control engineering centres	8	-	8
Transmitters	25	-	25
Complex electronic services	8	-	8

The intended use of the product groups above are different and none of them is interchangeable by other products. There is no supply side substitutability either.

According to the Competition Act the GVH may not refuse to grant authorization for a concentration where the concentration does not create or strengthen a dominant position, which would impede the formation, development or continuation of effective competition on the relevant market or on a substantial part of it. In the present case the relevant product markets were those identified in the table above. The relevant geographic market was Hungary. The concentration had effect on those markets where both undertakings were present before the merger. In two of these markets the GVH considered Legrand's share too low (2 and 7 respectively) to have any unfavourable effect on competition. In the case of network building elements, appliances the merged entity would have a considerable share (14+22=36). However according to the GVH this would not result in a dominant position as the competitors and imports would induce effective competitive pressure on the merged entity.