COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA

Case No: 48/LM/Apr00

In the large merger between:

Aerospatiale Matra SA

and

Daimlerchrysler Aerospace AG

Reasons for the Competition Tribunal's decision

Approval

1. The Competition Tribunal issued a Merger Clearance Certificate on 18 May 2000 approving without conditions the merger between Aerospatiale Matra SA and DaimlerChrysler Aerospace AG. The reasons for our decision to approve the merger are set out below.

The Merger Transaction

2. The primary acquiring and target firms in this merger are two European companies, Aerospatiale Matra SA ("Aerospatiale"), a company incorporated in France, and DaimlerChrysler Aerospace AG ("DaimlerChrysler"), a company incorporated in Germany.

3. In brief, the merging firms are merging their space, aeronautical and defence businesses into a jointly held company still to be incorporated, which will be named European Aeronautic Defence and Space Company.

4. The merging firms advised us at the hearing of this matter that the transaction had already been approved in Europe, Canada, Switzerland, Taiwan and Turkey. The only other outstanding decision at that stage was that of the Mexican competition authorities.

Evaluating the Merger

The effect on competition

5. Although the 'product/service overlap' between Aerospatiale and DaimlerChrysler is somewhat wider, according to the information submitted to us, only two of the products that overlap are relevant to the South African market: civil and military helicopters on the one hand and commercial aircraft on the other. Prior to the merger, Aerospatiale and DaimlerChrysler sold these products in South Africa through two jointly owned companies, Eurocopter Southern Africa (Pty) Ltd and Airbus Industries GIE. Aerospatiale owned 70% of the shares in Eurocopter Southern Africa (Pty) Ltd and DaimlerChrysler owned the remaining 30%. The two companies each owned 37,9% of the shares in Airbus Industries GIE. Since this arrangement meant that the parties were not competing in South Africa prior to the merger, the merger itself does not affect the market shares of the merging firms in South Africa.

6. We therefore conclude that the merger is unlikely to prevent or lessen competition in the markets identified above.

Public Interest

7. The merger does not raise any of the public interest concerns enumerated in section 26(3).

_____ 15 June 2000

N.M Manoim Date

Concurring: C. Qunta and U. Bhoola