



## Mergers: Commission clears Alstom's acquisition of Bombardier, subject to conditions

Brussels, 31 July 2020

The European Commission has approved, under the EU Merger Regulation, the acquisition of Bombardier Transportation by Alstom. The approval is conditional on full compliance with a commitments package offered by Alstom.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: *"Alstom and Bombardier are leading providers of state-of-the-art trains used every day by millions of passengers across the European Union. Thanks to the comprehensive remedies offered to solve the competition concerns in the areas of very high-speed, mainline trains and mainline signalling, the Commission has been able to speedily review and approve this transaction. Going forward, a stronger combined Alstom and Bombardier entity will emerge. At the same time, thanks to these remedies, the new company will also continue to be challenged in its core markets to the benefit of European customers and consumers."*

Alstom and Bombardier are global leaders in rail transportation. Both companies have a wide product portfolio and compete in the manufacture and supply of:

- **Very high speed, mainline and urban rolling stock** (trains): very high speed rolling stock includes trains operated for long-distance travel at speeds of at least 300 km/h; mainline rolling stock includes intercity and regional trains; urban rolling stock includes metros and trams.
- **Mainline and urban signalling solutions**: signalling solutions include signalling systems, installed on railway tracks and on-board units ("OBUs") that provide safety controls on mainline and urban rail networks. These include European Train Control System ("ETCS") OBUs, which are currently being rolled out throughout the EEA to facilitate compliance with European-wide standards, favour interoperability and safe cross-border travel.

### The Commission's investigation

The Commission's investigation found that the transaction, as initially notified, would have raised serious competition concerns in the following areas:

- (i) Very high-speed rolling stock where the merged entity would have become the undisputed market leader with a significant market position;
- (ii) Mainline rolling stock where the merged entity would have strengthened the Parties' already large combined position in particular in France and Germany, and;
- (iii) Mainline signalling where the merged entity would have had the ability and the incentive to make it more difficult for other suppliers of ETCS OBUs to interface with its many already installed signalling systems (legacy OBUs) and its already operating fleet of trains (the largest in the EEA). Furthermore, the merger risked making the merged an unavoidable supplier of legacy OBUs in the Netherlands.

The investigation confirmed that the proposed transaction did not raise competition concerns in any other markets, in particular within mainline and urban signalling, where Bombardier's position in the EEA is very limited.

### The proposed remedies

To address the Commission's concerns, Alstom offered a set of commitments:

- (i) The divestment of Bombardier's assets currently contributing to its joint very high-speed platform with Hitachi, the "Zefiro V300".\* Alstom also committed to a series of measures aimed at preserving the joint bid offered in consortium by Bombardier and Hitachi to HS2, the current largest opportunity for the production of very high-speed rolling stock in Europe;
- (ii) The divestment of (a) Alstom's mainline Coradia Polyvalent platform, (b) Alstom's production facility located in Reichshoffen in France, (c) Bombardier's mainline Talent 3 platform, and (d) part of\* Bombardier's production facility located in Hennigsdorf in Germany;
- (iii) The supply of legacy OBUs and necessary interfacing information and support, in favour of signalling competitors; and

(iv) The supply of legacy OBUs to the Dutch infrastructure manager, ProRail, in favour of all interested operators.

The final commitments address the competition concerns identified by the Commission regarding Alstom's acquisition of Bombardier, and were significantly improved following the feedback received by market participants. The Commission therefore concluded that the proposed transaction, as modified by the commitments, would raise no competition concerns.

The Commission's decision is conditional upon full compliance with the commitments.

### **Companies and products**

**Alstom**, based in France, is active worldwide in the rail transport industry, offering a wide range of transport solutions (from high-speed trains to metros, trams and e-buses) and related services (maintenance and modernisation), as well as products dedicated to signalling solutions, passengers and infrastructure, rail electrification systems and digital mobility.

**Bombardier Transportation** is the global rail solutions division of Bombardier, a diversified industrial group based in Canada with activities in the construction, property, telecoms and media sector. Bombardier Transportation, headquartered in Germany, offers a wide range of rail solutions, ranging from trains to sub-systems and signalling, to complete turnkey transport systems, and services.

### **Merger control rules and procedures**

The transaction was notified to the Commission on 11 June 2020.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). If commitments are proposed in Phase I, the Commission has 10 additional working days, bringing the total duration of a Phase I case to 35 working days, such as in this case.

More information will be available on the Commission's [competition website](#), in the public [case register](#) under the case number [M.9779](#).

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