



DETERMINATION OF MERGER NOTIFICATION M/06/053– GE/Memphis

Section 21 of the Competition Act 2002

Proposed acquisition by General Electric Company of The Memphis Group Inc

Dated 04/09/06

Introduction

1. On 14th August 2006 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 General Electric Company (“GE”) would acquire, through its wholly-owned subsidiary, GE Commercial Aviation Service (“GECAS”), sole control of The Memphis Group, Inc (“Memphis”).
2. The Authority forwarded a copy of the notification to the Minister and notified the undertakings involved that it considers the proposed acquisition to be a media merger, in accordance with Section 23(1) of the Act.

The Undertakings Involved

3. GE, the acquirer, is a global, diversified technology and services company incorporated in the United States. It is active globally in the following sectors: aircraft engines, consumer products, specialty materials, power systems, industrial systems, medical systems, plastics, broadcasting, financial services, and transportation systems. GECAS is the commercial aircraft financing and leasing business of GE. GECAS owns a fleet of some [] aircraft. GE is active in the supply of used aircraft engines but is not active in the supply of used aircraft parts.
4. In 2005, GE generated a worldwide turnover of c. €120.3 billion and a turnover in the State of [less than 1 billion].
5. Memphis, the target, is headquartered in Memphis, Tennessee, USA. Memphis’ main activity is the sale of used aircraft parts and components for aircraft. In particular, Memphis focuses on the supply of used parts and components (principally avionics, mechanical components and aircraft body parts) for large commercial aircraft. Memphis does not supply used aircraft engines.

6. In 2005, Memphis generated worldwide turnover of [less than 100] million and a turnover in the State of [less than 5] million.

Analysis

7. There are minimal horizontal and vertical overlaps between the activities of the undertakings involved in the State or elsewhere. While GECAS mainly supplies engine parts, Memphis is active in the supply of used aircraft parts (excluding used engines). Nonetheless, Memphis is a supplier of used aircraft parts to GECAS and it has, on occasion, purchased some used aircraft parts from GECAS.¹ However, the amount of these transactions is minimal, representing [less than 10%] of all the sales of Memphis and [less than 10%] of all its purchases in 2005. The proposed acquisition does not, therefore, give rise to competition concerns in the State.

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 General Electric Company, through its wholly-owned subsidiary, GE Commercial Aviation Service, of The Memphis Group Inc., will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the proposed acquisition may be put into effect subject to Section 23(1)(a) of the Competition Act, 2002.

For the Competition Authority

Dr. Paul K. Gorecki
Member of the Competition Authority

¹ GECAS is not a regular supplier or purchaser of used aircraft parts. As an owner and operator of a large fleet of aircraft, GECAS may need to buy used aircraft parts on an occasional basis and, it may also take the opportunity to sell into the sector excess inventory of used parts generated from its fleet.