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**Common Market for
Eastern and Southern Africa**

Staff Paper No. 2018/03/JB/01

Decision¹ of the Fortieth Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Acquisition of the Entire Issued Share Capital of Rockwell Collins, Inc by United Technologies Corporation

ECONOMIC SECTOR: Aerospace

17th March 2018 – Johannesburg, South Africa

¹ In the published version of this decision, some information may have been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 16th November 2017, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger involving United Technologies Corporation (hereinafter referred to as "UTC") and Rockwell Collins, Inc (hereinafter referred to as "Rockwell Collins").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

UTC

4. UTC is a United States based company which provides high-technology products and services for the building systems and aerospace industries worldwide. In the Common Market UTC supplies various categories of products and services which include elevators; escalators; elevator and escalator services; heating; ventilation and air conditioning and refrigeration products and services; security products and services; aerospace systems and services; including aircraft pneumatic de-icing systems aircraft propeller heaters; aircraft lighting; and aircraft crew and pilot seating.

Rockwell Collins

5. Rockwell Collins is a United States based company which provides avionics and information technology systems and services to governmental agencies and aircraft manufacturers. In the Common Market, Rockwell Collins supplies various products and services including aircraft oxygen, aircraft interior lighting, aircraft gallery inserts, aircraft gallery structure parts and aircraft passenger seating for large commercial aircraft.

Nature of the Transaction

6. The transaction entails the acquisition of 100% of the issued shares in Rockwell Collins by UTC.

Competition Analysis

7. The CID defined the relevant markets as:
 - The global supply of aircraft interior lighting products;

- The global supply of aircraft passenger seats; and
 - The global supply of aircraft crew and pilot seats.
8. The CID observed that pre-merger, there are limited horizontal overlaps in the activities of the merging parties in the market for supply of interior lighting products which will lead to minor market share accretion post-merger. The CID determined that the proposed transaction is unlikely to raise competition concerns since the market is characterised by large competitors who are likely to give competitive restraint to the merged entity.

Determination

9. The CID determined that the merger is not likely to substantially lessen competition in the Common Market and is compatible with the COMESA Treaty objective of full market integration. The CID therefore approved the merger.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 17th of March 2018



Commissioner Thabisile Langa

(Chairperson)



Commissioner Patrick Okilangole

(Member)



Commissioner Chilufya Sampa

(Member)