The Autorité de la concurrence clears the acquisition of Bombardier assets by Spirit

Published on May 13, 2020

The Spirit group notified the *Autorité de la concurrence* of its plans to acquire sole control of the companies Short Brothers plc. and Bombardier North Africa SAS, as well as certain assets belonging to Bombardier (hereinafter "Bombardier target assets"). After examining the effects of the transaction, the *Autorité* has cleared this transaction unconditionally.

The parties to the transaction

The Spirit group, an American equipment manufacturer, is a supplier of aerospace components. It chiefly produces wing, fuselage and nacelle components (also referred to as "aerostructures") for airliners. Spirit's customers include aircraft manufacturers such as Boeing, Airbus, Dassault and Gulfstream. The Spirit group had a global turnover of $7.9 billion in 2019.

Bombardier is an international Canadian group, once of the main players in the air (notably business aviation) and rail transport sector. The Bombardier assets purchased manufacture aerostructure components for aircraft and also offer maintenance and repair services for aerostructure components. The customers of the assets divested are the Bombardier group, as well as third-party aircraft manufacturers such as Airbus and Gulfstream.

The proposed transaction is not likely to harm competition

The *Autorité* analysed the various component supply markets for aircraft, in addition to the markets for spare parts and maintenance services.

Although the transaction involves several overlapping activities (horizontal effects), the *Autorité* has established that numerous competitors are present in these markets, such as, for example, Collins Aerospace, Mitsubishi Heavy Industries, Safran, Korea Aerospace Industries, Alenia, Sonaca Group, Kawasaki Heavy Industries, Magellan and GKN. It also concluded that the parties were not the closest competitors, as the production activities of the Bombardier target assets are heavily oriented towards business aircraft, specifically Bombardier aircraft, while the Spirit group produces components chiefly aimed at large-capacity aircraft, in particular Boeing aircraft. Lastly, the *Autorité* identified the countervailing powers of the aircraft manufacturers in these markets (Airbus, Boeing, Dassault and Bombardier Gulfstream), due to their limited number (oligopsony) on the one hand, and their internal production capacities on the other.

Furthermore, when analysing the other effects[1], the *Autorité* decided that the new entity would have neither the capacity nor the incentive to impose foreclosure mechanisms on inputs or customers, notably due to the existence of competitive alternatives, the awarding of contracts through calls for tender, the duration of contracts and the countervailing powers of the aircraft manufacturers.

At the end of its competitive analysis, the *Autorité* cleared the transaction unconditionally.

[1] *The other effects studied are the vertical effects generated by companies active in markets positioned at different stages of the value chain, and the conglomerate effects arising from the extension or strengthening of the presence of the new entity in different, yet connected, markets.*

DECISION 20-DCC-62 OF 13 MAY 2020

See full text of the decision

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