The Autorité clears the acquisition of the Rolls-Royce Group's safety instrumentation and control business by Framatome, an EDF subsidiary

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On 20 April 2021, Framatome notified the *Autorité de la concurrence* of its plan to acquire sole control of the entire safety instrumentation and control business of the Rolls-Royce Group.

Parties to the transaction

Framatome is a subsidiary of the EDF Group. It is active in the design and production of nuclear reactors, instrumentation and control systems and nuclear fuel. It also provides services and products for the maintenance, modernisation and upgrade of existing nuclear power plants. The EDF Group is particularly active in the generation and wholesale trading of electricity.

The acquired assets comprise all the Rolls Royce Group's safety instrumentation and control activities. Instrumentation and control systems are used to ensure the proper operation of a nuclear power plant and guarantee its safety.

After careful examination, the *Autorité* considers that the transaction is not likely to harm competition

The transaction leads to an overlap between the parties' activities in the market for safety instrumentation and control systems, where the market share of the new entity will be high, particularly at the European level. However, the *Autorité* noted that on this market, which operates in particular through calls for tender,

the market shares only partially reflect the market power of the new entity, and that there were different operators, such as the Doosan, Westinghouse and CTEC groups, which could meet the demand of buyers of instrumentation and control systems. It also noted that the latter were few in number and thus had a strong countervailing power.

Furthermore, as Framatome and the EDF Group are active in the markets for the production of nuclear islands and electricity, which are downstream of the market for safety instrumentation and control systems, the *Autorité* has analysed the vertical effects of the transaction. The *Autorité* considered, firstly, that the new entity would not be in a position to restrict the markets of the other suppliers of safety instrumentation and control systems, given its limited market shares in the downstream markets. Secondly, the *Autorité* considered that the new entity would not be in a position to restrict the access of nuclear island manufacturers and power generators to the market for safety instrumentation and control systems, particularly in view of the existence of alternative sources of supply and the significant countervailing power of customers.

The *Autorité* has thus unconditionally cleared the transaction.

- ***The full text of the decision will soon be published on the Autorité's website***

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