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## Commission clears acquisition of sole control of ITP by Rolls-Royce, subject to conditions

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2017/04/20 12:39 στην κατηγορία INTERNATIONAL

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The European Commission has cleared under the EU Merger Regulation the proposed acquisition of aircraft engine components maker ITP (Spain) by aircraft engine maker Rolls-Royce (UK). The decision is conditional on Rolls-Royce eliminating a conflict of interest concerning the EPI engine consortium.

Rolls-Royce, together with ITP, MTU of Germany and Safran of France, is a member of the military engine consortium EPI (*Europrop International GmbH*). EPI designs and manufactures the engine powering the Airbus A400M, which competes with the Lockheed Martin C-130J aircraft, powered by a Rolls-Royce engine.

The Commission had concerns that the transaction, as originally notified, would have enabled Rolls-Royce, by acquiring ITP, to obtain additional influence on the decision-making process of the EPI consortium, on matters that affect its competitiveness against the Lockheed Martin C-130J.

In order to remove these concerns, Rolls-Royce offered commitments in relation to the EPI governance rules that will eliminate the conflict of interest created by the merger and ensure that the EPI consortium remains competitive.

The Commission also investigated whether the relationship between ITP and Rolls-Royce raised competition concerns. In particular, the Commission examined whether the merged entity would have the ability and incentive to shut out the supply of ITP's engine components to other manufacturers of aircraft engines competing with Rolls-Royce. However, the Commission concluded that, after the merger, Rolls-Royce would have neither the ability nor the incentive to do so.

The Commission concluded that the transaction, as modified by the commitments, would no longer raise competition concerns. The decision is conditional upon full compliance by Rolls-Royce with its commitments.

### **Companies and products**

**Rolls-Royce** is active in the development and manufacture of aircraft engines and

power systems for civil aerospace, defence aerospace, marine and energy applications.

**ITP** (*Industria de Turbo Propulsores*) is a joint venture between Rolls-Royce and Spanish SENER, established in 1989. ITP specialises in the manufacture of aircraft engine components and includes among its activities design, research and development, manufacturing and casting, assembly and testing of aircraft engine components.

ITP is a supplier of engine components to Rolls-Royce and other aircraft engine manufacturers, whereas Rolls-Royce is mainly active in the production of aircraft engines for air frame manufacturers.

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

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 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).

A non-confidential version of today's decision will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8242](#).