



## Mergers: The Commission clears the takeover of the Areva Group's nuclear reactors business by EDF

Brussels, 29 May 2017

**The European Commission has approved EDF's proposed takeover of New NP, the Areva Group's nuclear reactors business, under the EU Merger Regulation. The Commission has concluded that the transaction would not raise competition concerns.**

EDF plans to acquire between 51 % and 75 % of the capital of 'New NP' which houses the Areva Group's nuclear reactors business. The two companies operate in the energy sector. EDF is the largest nuclear power plant operator in the EU, while New NP focuses on the design and supply of nuclear reactors and equipment, fuel assemblies, control systems and services to nuclear power plants. Although their activities do not overlap, the two companies are major players in the nuclear industry, the one as a supplier and the other a customer.

### The Commission's assessment of competition

Considering the **vertical relationships between the two companies**, the Commission has concluded that the proposed takeover is unlikely to cause competition issues. In particular, the Commission assessed the probable effects of the transaction on the ability and incentives of the merged entity to engage in foreclosure strategies by restricting access to products, equipment and services designed or supplied by New NP and to EDF, as a customer.

As regards **the market for the design and construction of new reactors**, the Commission has concluded that EDF and New NP would not be in a position to push out their competitors because of the different market characteristics and the number of suppliers and also the number of nuclear plants not operated by EDF.

In the case of **the markets for services to existing plants and for instrumentation and control systems**, the Commission's investigation has shown that New NP has every interest in proposing high-quality products and services to as many potential customers as possible. Furthermore, in view of the various provisions governing public procurement, EDF would not be in a position to foreclose New NP's competitors and would have every interest in continuing to source its supplies from a diversified group of suppliers in order to ensure that its plants operate competitively.

As regards **the fuel assemblies market**, the Commission considers that EDF would not have sufficient incentive to source its fuel assemblies solely from New NP. The Commission has therefore concluded that the foreclosure of competitors seems unlikely in the medium term.

Lastly, the Commission has ruled out the possibility of EDF restricting **the supply of fuel assemblies and related services** to other operators of nuclear power plants in the European Economic Area, which would be in breach of existing contracts.

The Commission has accordingly concluded that the proposed transaction was unlikely to raise competition concerns.

### Background

The transaction was notified to the Commission on 18 April 2017.

**EDF** and its subsidiaries are mainly active on the electricity markets, especially in the production and wholesaling, transmission, distribution and supply of electricity, both in France and abroad. In particular, EDF operates all of France's nuclear power plants.

**New NP** is mainly active on the following markets: design and construction of nuclear islands, instrumentation and control systems, nuclear services and design, production and supply of fuel assemblies.

The transaction is part of the ongoing restructuring plan to restore Areva's competitiveness. This plan includes the sale of the Areva Group's nuclear plant industrial activities to EDF.

The [European Commission had already concluded on 10 January 2017](#) that France's proposal to grant aid to Areva in the form of a capital injection of EUR 4.5 billion was in line with EU state aid rules, specifying that payment of the aid was subject to certain conditions, including authorisation of this transaction under EU merger rules. Today's decision by the Commission to authorise the acquisition of New NP by EDF means that this condition is met.

### **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 notified 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 merger decision will be available on the Commission's [competition](#), website in the [public case register](#) under the number [M.7764](#).

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