



*European Communities
Commission
Press Release*

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COMMISSION APPROVES VACUUM SWITCHGEAR MERGER

The Commission has taken a favourable decision under Article 85 (3) of the EEC Treaty to agreements notified to it and made in 1970, by which Associated Electrical Industries Ltd and Reyrolle Parsons Ltd jointly established a company called Vacuum Interrupters Ltd, to develop, design, manufacture and sell vacuum interrupters.

The Commission considered that the agreements notified were restrictive of competition and in breach of Article 85 (1) of the Treaty, because of the fact that two leading manufacturers of switchgear apparatus in the United Kingdom had agreed to develop jointly one particular product by means of a joint venture company, rather than in competition with each other.

However, the Commission, in the circumstances of the case, has exempted the agreements (as it may under Article 85 (3)) subject to two conditions - one relating to notification of any change in capital structure, and the other - of any extension of the activity of the joint venture, and to date from the date of accession of the United Kingdom to the EEC in 1973 and to last until 1980.

The vacuum interrupter is a sophisticated type of circuit breaker at present in an early stage of development and is for use in switchgear apparatus. It is known to have advantages in both efficiency and durability over the liquid and air types now in general use.

These known advantages were responsible originally for firms in Japan and the United States, and later in the United Kingdom, becoming interested in the development of this type of circuit breaking appliance.

However, even if the research were to be successful in the long term, the cost of development and design necessary was considered by the parent companies to be too great, not in money alone but in technical skill, for them to engage independently in it.

The companies involved decided the only practical way by which they could advance the development, if it were to be advanced, was by a joint venture company financed and staffed by each of them and which would develop and make vacuum interrupters for incorporation in switchgear apparatus, even that designed and developed by other manufacturers of heavy electrical equipment.

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The Commission concluded that in this case the consumer can get a durable and efficient interrupter at reasonable cost, although at present only of low power capacity, and he may in time be able to get models capable of handling higher voltages.

He is therefore assured of getting a fair share of benefit of the joint venture.

Further, the Commission expects that the agreements should put the switchgear industry within the EEC into a better position to meet competition in the future from outside the EEC in the sphere of switchgear apparatus incorporating the vacuum type interrupter.

Upon the expiry in 1980 of the exemption now granted the position will be reviewed.

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