Anticipated acquisition by European Aeronautic Defence and Space Company NV of Vector Aerospace Corporation

ME/4961/11

The OFT's decision on reference under section 33(1) given on 14 June 2011. Full text of decision published 11 July 2011.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. European Aeronautic Defence and Space Company NV (**EADS)** is active on a worldwide basis in many areas including the production and marketing of commercial and military aircraft, telecommunications equipment, defence and security systems, satellites, launchers and orbital infrastructures. It has five main business divisions: Airbus, Eurocopter, Astrium, Cassidian and Other Businesses.

2. EADS has two businesses that are connected with helicopters:

   - Eurocopter, an OEM[1] of helicopters, which provides maintenance, repair and overhaul (**MRO**) services for its own products, and to a limited extent on non-Eurocopter platforms in Germany, Spain and Australia.

   - ECA, based in France, which provides MRO services on third party OEM's small propulsion engines (**SPEs**) including those for helicopters.

3. EADS' turnover for the financial year ended 31 December 2010 was £39.3 billion.[2]

4. Vector Aerospace Corporation, **Vector,** is an independent global provider of aviation MRO services primarily for helicopter airframes, helicopter

[1] OEM — original equipment manufacturer.
[2] €45.8 billion equals £39.3 billion at the exchange rate of €1 = £0.858.

components, and SPEs, manufactured by a number of different OEMs. Listed on the Toronto stock exchange, its head office is in Toronto, Canada.

5. Vector is a provider of MRO services on third party OEMs' helicopter platforms, including SPEs (Pratt & Whitney, Rolls Royce, Sikorsky, and Turbomeca), airframes (Augusta Westland, Boeing, Sikorsky[3]) and components (Sikorsky).

6. Vector's worldwide turnover, in the 12 months ending 31 December 2010, was approximately £342.5 million, and its UK turnover was over £70m.

TRANSACTION

7. Eurocopter Holding SAS (**Eurocopter**), a business division of EADS, has made a public offer for all the issued and outstanding common shares of Vector. The offer is conditional upon clearance by the OFT. The transaction has been notified in Brazil, Canada and the US.

8. The parties notified the proposed transaction on 12 April 2011 and therefore the administrative deadline for a decision is 14 June.

JURISDICTION

9. As a result of this transaction EADS and Vector will cease to be distinct. The UK turnover of Vector exceeds £70 million, so the turnover test in section 23(1) (b) of the Enterprise Act 2002 (the Act) is satisfied. The OFT therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

[3] In 2010, Vector provided MRO services for FB Heliservices in respect of a single Eurocopter helicopter airframe following a crash, having obtained specific approval from Eurocopter for this work since the services were provided outside Vector's approved territory.

BACKGROUND

10. EADS was established in 2000, by a combination of the former group activities of Aerospatiale Matra SA, DaimlerChrysler Aerospace, and Construcciones Aeronauticas SA.[4]

11. Vector acquired the Ministry of Defence's (MoD) Defence Aviation Repair Agency's (DARA) Rotary Wing and Components businesses in 2008. The company's support to the MOD includes the MRO of Chinook, Sea King and Lynx helicopters, component MRO of the Armed Services helicopter fleet and Tornado aircraft and support of VC-10 and BAe146 engines.

12. In 2008, the OFT considered the market for MRO services in Goodrich Corporation/ Rolls Royce.[5] The European Commission also considered this market in 2000 when EADS was formed.

13. Precedent cases have taken the view that there is a distinction between civilian and military contracts and that these form different markets. This distinction results in part from differences in procurement processes but also because military contracts generally specify that services will be provided in particular locations (usually national although they may include overseas bases) by national providers.

MARKET DEFINITION

14. The parties overlap in providing MRO services in respect of:

    - Small propulsion engines (SPEs) — engines up to approximately 20,000lbs thrust or 7,000 shaft horse power (SHP), including turboprop, turbo shaft and turbofan engines, used on fixed wing aircraft and helicopters

    - helicopter airframes

    - helicopter components, including dynamic and small components such as gearboxes, transmissions and main rotor heads.

[4] Case IV/M.1745, EADS.
[5] www.oft.gov.uk/shared_oft/mergers_ea02/2009/Goodrich.pdf

15. A provider of MRO services must hold a licence from its local air safety authority, which specifies the model to be serviced as well as the range of services authorised. Licences are frequently sought from the OEM, which authorises the services to be carried out at a specific site. Such a licence allows the provider better access to technical documentation, parts and customer recognition.

16. Helicopter turbine engines and small turbine propulsion engines are very similar, sharing a similar engine core (compressor, combustor and turbine). In consequence, the maintenance requirements are similar, requiring the same tooling, parts and test equipment.

17. Helicopter airframes need to be maintained, repaired and overhauled, either by the OEM, licensed MRO specialists, or licensed helicopter fleet operators with sophisticated (sometimes subsidiary) in-house MRO capabilities.

18. Helicopter components may be dynamic (including the main gearbox, main rotorhead, tail rotor gearbox and blades) or small components (servos and accessory gearboxes). Regular or minor maintenance may be provided by in-house teams or by independent service providers authorised by the European Aviation Safety Agency (EASA) to undertake this work. To undertake'deep' (category D) maintenance and the overhaul of dynamic components, the service provider requires access to specific parts and jigs that are protected by the OEM's intellectual property rights (for example; patents etc). To ensure quality standards are preserved, the OEM may limit the number of providers with access to this information.

(i) MRO services to the Ministry of Defence (MoD)

19. The parties overlap in supplying MRO services to the MoD.

Product Scope

20. The OFT understands that the MoD has a preference for purchasing MRO services directly from the OEM although the OEM may then sub-contract this work to a company such as Vector.

21. Eurocopter, the OEM, is currently upgrading and extending the life of its Puma helicopters for the MoD, since the expertise to do so lies only with Eurocopter.

22. Vector, as the successor to DARA, is a key supplier to the MoD, servicing Chinook, and Sea King helicopters as sub-contractor to the OEM, Boeing and also Agusta Westland Lynx helicopters. It also has contracts to repair and overhaul Rolls Royce Conway Mk301 engines and spares, ALF503 engines, manufacture, repair and modify Puma and Gazelle components, and to repair Gazelle power packs.

23. When Vector acquired the DARA business it also acquired the novated MoD contracts. The MoD has indicated that it is content for elements of its contracts with OEMs to be outsourced to suitably authorised companies.

MRO services for SPEs

24. MRO services for SPEs are generally offered only by the OEM. The parties' internal documents note that the small engines business is handled mainly by specialists because operators and customers lack the size necessary to support the skills and required investment.

25. Neither Eurocopter nor Vector manufactures SPEs. While Vector supplies the MoD with MRO services in respect of two engines (Rolls Royce Conway Mk301 and ALF503), a contract worth [ ] in 2010, Eurocopter has no SPE MRO facilities in the UK and does not consider itself to be a potential competitor in this field. This market is therefore not considered further.

MRO services for helicopter airframes

26. As noted above, Eurocopter is extending the life of its own Puma helicopters, for the MoD, while Vector performs MRO services on Sea King, Lynx and Chinook helicopter airframes. Eurocopter's contract was worth [ ] in 2010 while the Vector contracts were worth [ ] in 2010.

MRO services for helicopter components

27. In supplying the MoD with MRO services in respect of Sea King, Lynx and Chinook helicopters, Vector also earned revenues (worth [ ]) from component MRO services. Eurocopter earned no such revenues.[i] Therefore this market is not considered further.

Conclusion

28. From the above it can be seen that it is only in the broadest sense that the parties overlap in supplying the MoD with MRO services for helicopters. In practice, the parties' activities overlap only in respect of helicopter airframes[ii] and in this area, their expertise relates to different helicopters.

Geographic scope

29. Contracts for services to the MoD typically require that services are provided on a national basis although there may also be scope to provide such services extra-territorially (for example on overseas bases). The procurement process adopted by the MoD takes account of the contractor's affiliations with the UK and its ability to provide its services on a national basis. The maintenance work carried out by the parties for the MoD is carried out in the UK, the one exception being the life extension project for Eurocopter Puma helicopters that is being carried out in Romania (for cost reasons).

30. Although there is no need to conclude on the relevant product and geographic scope, since no concerns arise however narrowly the markets are defined, the OFT has considered the competitive effects of the merger in respect of MRO services for airframe supplied in the UK to the UK's MoD helicopter fleet.

(ii) MRO services to civilian customers

31. The parties also overlap in supplying MRO services for helicopters and SPEs to civilian customers.

32. Civilian customers, including public bodies such as police authorities, may be large or small fleet operators. Large fleet operators may have their own in-house MRO capabilities or may procure such services through formal or informal tendering, often seeking contracts with more than one provider in order to broaden their supply base and enhance competition. In-house MRO capabilities may be organised as subsidiary companies who bid externally for contracts with other civilian customers.

Product scope

33. New helicopters may be offered with a two-year warranty and maintenance period but thereafter maintenance contracts will be required. Some fleet operators will be large enough to self-supply their own maintenance needs but others will be looking for third-party MRO providers.

MRO services for SPEs

34. MRO services for SPEs are often provided by the OEM or an authorised sub-contractor. If sub-contracted, the OEM SPE manufacturer authorises the MRO services to be carried out at a specific site. Authorisation and licensing is OEM and engine specific and will also specify the range of authorised MRO services

35. Some large fleet operators may self-supply these services and offer the same services to smaller operators. Independent MRO providers may also offer such services.

36. The parties do not offer MRO services for SPEs in respect of the same engines. Eurocopter has two small contracts in respect of [ ] and [ ] engines; while Vector has contracts for MRO services in respect of [ ] and [ ] engines.

MRO services for helicopter airframes

37. These services are provided by the OEM, an authorised sub-contractor or an in-house or independent MRO provider. The parties do not offer MRO services for airframes in respect of the same helicopters. Eurocopter only offers services in respect of its own helicopters; while Vector offer their services in respect of [ ] helicopters.

MRO services for helicopter components

38. Regular or minor maintenance can be undertaken in-house or by independent service providers. Deep maintenance requires access to specific parts and jigs that are protected by intellectual property rights and this often requires authorisation from the OEM. Eurocopter offers these services only in respect of its own helicopters; Vector offers these services in respect of [ ] helicopters.

39. Again, although the parties overlap in the supply of MRO services to SPEs and civilian helicopters their respective expertise relates to different engines, helicopters and components. However, there is no need to conclude on product scope since on any product definition no competition concerns arise.

Geographic scope

40. Helicopters are owned and operated by public authorities (such as the police) and private fleet operators. Public authorities are not constrained in the same way as the MoD to source locally for national security reasons, while private fleet operators will be looking for the best value maintenance contracts they can find.

41. The parties argue that the geographic market for MRO services to civilian SPE engines is global, because the cost of transporting an engine is small relative to the cost of the MRO service. Eurocopter has a small contract with [ ] (worth [ ]) to undertake MRO services on [ ] SPEs in the UK, whilst its subsidiary SECA, based in France, has one contract with a UK customer (worth [ ]) in respect of a [ ] engine. Vector operates facilities in North America that are used to service UK civilian contracts (worth around [ ]).

42. Civilian airframe MRO services are typically provided by the OEM or an authorised sub-contractor. Helicopters are flown to the service facility so the geographic market is usually determined by the distance that can be flown with one tank of fuel. The parties consider that the market is European wide for this reason.

43. Components are supplied by the OEMs and transport costs are relatively low, suggesting that the geographic market is likely to be at least European wide if not global. There is, however, no need to conclude on the geographic scope since no concerns arise however narrowly it is defined.

44. Although the parties overlap in the supply of various MRO services to SPEs and civilian helicopters, when their respective expertise is examined more closely, it can be seen to relate to different types of engine, helicopter and components. However, in the broad market for MRO civilian contracts, the OFT has take a cautious approach and considered the market on a European basis.

HORIZONTAL ISSUES

45. The parties overlap in the provision of MRO services for SPEs and helicopter for the MoD and civilian customers. However, as noted above, their areas of expertise are different and they each maintain different helicopters.

Market shares

46. The parties were able to provide an estimate of their market shares on a global basis, shown in Table 1:

Table 1: the parties' market shares

	MRO for SPEs (civilian/ military)*[6]	MRO for Airframes (civilian)	MRO for Components (civilian)
Eurocopter	[<10]%	[<10]%	[10-20]%
Vector	[<10]%	[<10]%	[<10]%
Combined	**[<10]%**	**[<10]%**	**[10-20]%**
OEMs	[20-30]%		
Governments	[5-15]%		
DAE	[5-15]%		
BBA	[<10]%		
Lufthansa Aero	[<10]%		
Smaller Independent Suppliers	[20-30]%		
Others	[5-15]%		
Worldwide value	US$6.6 billion	US$1.4 billion	US$0.9 billion

Source: the parties — does not equal 100 per cent due to rounding

The parties commented that publically available figures for MRO services for civilian airframes and components were scare, and they were therefore unable to estimate individual competitors' market shares.

[6] A report by AeroStrategy prepared for EADS entitled *Small Propulsion Engine MRO data,* 22 September 2010.

47. However, the parties estimated that helicopter operators self supply the majority of civilian airframe MRO work, especially the lower level work, with independent MRO providers and OEMs undertaking a broadly similar proportion of the remaining work, and that these providers more often undertook the higher value work. While in MRO for civilian components, the parties estimate that OEMs undertook the majority of civilian component MRO work, with independent MRO providers and helicopter operators undertaking the remaining work.

48. Revenue data provide by the parties' shows that the revenues earned by Eurocopter from MRO services are low, particularly for its UK civilian contracts (amounting to around [ ] per cent of total UK revenues), The OFT understands from the National Police Improvement Agency (NPIA) that Eurocopter currently provides [70-80] per cent of police helicopters and associated maintenance. Vector, however, is not active in this market and there is no increment as a result of the merger.

49. It is equally clear from the revenue data that the MoD contracts are important to Vector; the company earned around [ ] of its revenues in the UK, and some [ ] per cent of this is derived from its contracts with the MoD. Equally, the contract with the MoD to extend the life of its Puma helicopter is a significant source of revenue to Eurocopter. Although no information is available that would allow computation of market shares it is clear that the parties are both key suppliers to the MoD, albeit for different services.

50. Providers of MRO services require authorisation from the local air safety authority. They may also seek authorisation from the OEM (although this is not essential), and for some maintenance contracts, particularly those at category D will require standard maintenance manuals from the OEM that will contain a description of the MRO task to be undertaken and the methodology for completing those tasks. These OEM authorisations relate to specific sites and specific products (engines, airframes and components).

51. The parties stated that gaining authorisation from the OEM is not difficult to achieve in practice particularly for an MRO provider with an established reputation, even where the MRO provider is affiliated to a different OEM such as Eurocopter. For example: Eurocopter has authorised a number of MRO providers in respect of its helicopters [ ]. It also provides MRO

services for its own helicopters and for other OEMs (for example, Eurocopter Deutschland undertakes MRO work on Agusta Westland and Sikorsky helicopters in Germany, and Eurocopter's German subsidiary, Motorflug, undertakes work on Bell helicopters).

52. Eurocopter's UK MRO business is largely confined to servicing Eurocopter helicopters although other EADS subsidiaries do provide MRO services to competing OEMs in other parts of the world. Vector is not authorised to undertake MRO services in respect of Eurocopter helicopters and does not do so in the UK.[7] Absent the merger, Vector could seek authorisation from Eurocopter and compete against Eurocopter in the MRO service market.

53. The merger therefore does not result in a lessening of actual competition since the parties do not currently compete against each other for the same MRO contracts, either for civilian or MoD customers. Theoretically the merger results in a loss of potential competition, since Eurocopter's MRO business could compete for contracts undertaken by Vector and vice versa. However, this concern does not appear to be valid given that Eurocopter is a vertically integrated business and its MRO business is small relative to its upstream helicopter business, consequently the loss of potential competition appears to be equally small.

54. As noted above, while authorisation from OEMs is not mandatory for MRO providers, access to OEMs proprietary and IP data allows them to provide the full range of deep (category D) services. This commercially sensitive information includes aircraft drawings and specifications, process specifications, technical publications and other documentation having confidentiality or other intellectual property protection.

55. [ ]. [ ].

BUYER POWER

56. The Commission, in EADS,[8] found that the life expectancy of a helicopter is around 30 years and that customer service (including training services,

[7] Save in the one instance noted above at footnote 3.
[8] Case IV/M.1745, EADS

technical maintenance documentation, repairs and supply of spare parts) accounted for 40 per cent of Eurocopter's total turnover.[9]

57. Civilian customers who responded to our enquiries believed that there was plenty of competition and they were able to use that competition to good effect.

58. Information received from the NPIA and the MoD shows [ ] in respect of buying MRO services. The NPIA in particular reports that some police forces have moved to self-supplying their own MRO services rather than paying increased prices [ ] and that there is a plan to buy MRO services nationally (or at least more collectively than individual forces[iii]). The MoD has a process to assess price increases but admits that it lacks the capacity to self-supply its own needs and that there may be few MRO providers with the expertise it requires.

59. Buyer power would therefore appear limited.

BARRIERS TO ENTRY AND EXPANSION

60. The competencies required to service helicopter airframes are the same, regardless of whether the customer is civilian or military. It is however easier for a company with military experience to move into the civilian sector than the other way around, primarily because of the additional requirements relating to national security.

61. A provider of MRO services for civilian customers must be authorised by the European Air Safety Agency (EASA) which grants a Part 145 authorisation, specifying the model as well as the range of authorised MRO services.

62. Three levels of maintenance were identified in the EADS decision:[10]

    - high-level maintenance provided by manufacturers and manufacturers' authorised service centres – these are 'D' level tasks requiring major repair or overhaul

[9] Case IV/M.1745, Paragraph 51.
[10] Case IV/M.1745, Paragraph 55.

- intermediate-level maintenance performed either by (i) maintenance centres or (ii) customers, both of whom require the appropriate authorisations from the airworthiness authority – these are 'I' level tasks involving smaller repairs, extended periodic inspections and replacement of certain units

- operational maintenance typically carried out by the helicopter operators themselves – these are 'O' level maintenance tasks including daily servicing, maintenance checks and simple repairs.

63. These levels of maintenance still apply. An MRO provider will need EASA authorisation to provide deep 'D' maintenance and is likely to need OEM authorisation as well in order to be able to gain access to the intellectual property of the OEM and understand better the needs and requirements of the MRO tasks.

64. The parties do not believe that gaining authorisation from EASA is difficult or costly, noting that the Civil Aviation Authority list of companies with EASA Part 145 authorisation is 79 pages long. For a provider with the necessary facilities, tools, training and equipment, the parties believe that acquiring this authorisation would take around eight months and cost between €5,000 and €10,000.

65. Although gaining authorisation from the OEM is not absolutely necessary, reputable MRO providers may consider it prudent. The process is dependent on the OEM and may take several months depending on the experience of the MRO provider seeking the authorisation.

66. Barriers to entry for a de novo entrant appear to be high since reputation and experience appear to be important in gaining MRO contracts. Expansion does not appear difficult for an MRO provider with a good reputation although MoD contracts may be more difficult to win since companies must satisfy certain requirements in respect of national security.

VERTICAL ISSUES

67. Eurocopter is a leading helicopter OEM. In 2010, [ ] of the ten helicopters sold in the UK were Eurocopter machines. Eurocopter helicopters represent

around [10-20] per cent of the MoD's existing fleet and around [40-50] per cent of civilian helicopters in the UK.

68. As an OEM, Eurocopter will sell spares and parts to MRO providers. Some third parties commented that the cost of these is high and that the company sells from a list price which might give its subsidiary MRO providers an advantage over independent providers. [ ]. While this may be a concern to independent MRO providers, it is a not a merger specific issue.

69. Eurocopter's rationale in acquiring Vector is to operate an MRO business that provides services on a wide range of third party helicopter platforms and SPEs. Internal documents show that Eurocopter recognises that some OEMs might be concerned that they would be deprived of access to Vector's services or that they might be concerned about IP rights being compromised as a result of the deal. [ ].

70. Eurocopter has stated that it will continue to approve MRO service providers as before, and notes that a large number of MRO providers are authorised to service Eurocopter helicopters in the UK.

71. [ ].

72. The OFT recognises that vertical mergers may allow the merged firm to gain access to commercially sensitive information about the activities of non-integrated rivals in the input market or the market for the final product, allowing it unilaterally to compete less aggressively in the market for the final product or otherwise to put rivals at a competitive disadvantage.[11]

73. The OFT, in assessing vertical mergers, typically asks three questions:[12]

- Ability – would the merged firm have the ability to harm rivals, for example by raising prices or refusing to supply them?

- Incentive – would it be profitable to do so?

- Effect – would the effect of any action by the merged firm be sufficient to reduce competition in the affected market substantially?

[11] Mergers Assessment Guidelines, paragraph 5.6.13.
[12] Merger Assessment Guidelines, paragraph 5.6.6.

74. Eurocopter, through its acquisition of Vector will acquire access to IP rights, such as maintenance manuals, for its rivals' helicopters. This raises the prospect that EADS, through the acquisition of this information, will be in a position to harm its rival OEM manufacturers.

75. Eurocopter argued that it would not gain an ability to use such information to harm rival OEM manufacturers for the following reasons:

- the information provided includes information for the MRO provider rather than detailed information about how the helicopter is designed, or detailed information about its production, such information about a rival OEM's helicopter would not be meaningful to EADS in developing its own helicopters

- the majority of confidential information relates to the 'dumb' part of the helicopter, the airframe, and that information relating to the 'clever' part of the helicopter (the weapons systems, the cockpit, etc) is provided in a form (such as output data) which makes it impossible to reverse engineer for competitive purposes

- most material aspects of a helicopter's design are protected by patents, design rights and other intellectual property rights and cannot therefore be copied or used by another OEM for unauthorised purposes without breaching those rights.

76. Eurocopter has stated that Vector will continue to be run as an independent business within the overall EADS group. As such, it will lack any incentive to upset rival OEMs who have authorised it to undertake MRO services in respect of their helicopters.

77. MRO services account for a significant source of income to OEMs that undertake these services on behalf of their own helicopters, although some of this income will be accounted for by spare parts manufactured by the OEM. The existence of contracts between OEMs and independent MRO providers shows that OEMs are content to outsource much of this work.

78. The description of the information that is considered commercially sensitive by OEMs and the limited ability of EADS to use that information without

appropriate authority means that the effect of the merger is unlikely to lead to concerns about exploitation of this information by the upstream EADS business.

THIRD PARTY VIEWS

79. Third parties' comments about the protection of IP rights have been considered above. [iv]

80. No unsolicited responses were received following the Invitation to Comment. Nor did any civilian customer or competitor raise concerns about the merger. Indeed, one customer believed that the merger would be pro-competitive because it would give Eurocopter more capacity to service its own helicopters.

ASSESSMENT

81. The parties overlap in the provision of MRO services to military and civilian helicopters and SPEs. However, the parties argue that there is a very limited overlap between their respective activities.

82. In respect of contracts held with the MoD:

    - EADS provides services to the MoD in respect of a major upgrade contract on Eurocopter Puma helicopters. It does not provide any MRO services on non-Eurocopter platforms for the MoD in the UK

    - some [ ] per cent of Vector's UK revenues in 2010 related to work carried out by Vector on the MoD's fleet of Chinook, Lynx and Sea King helicopters. A further [ ] per cent comes from other work for the MoD and other foreign defence customers. None of this work relates to Eurocopter platforms.

83. In respect of civilian contracts:

    - Eurocopter earned [ ] from MRO airframe and component services exclusively on Eurocopter aircraft and less than [ ] from MRO services on [ ] SPEs

- Vector earned only [ ] per cent of its revenues from civilian contracts, including [ ] from MRO services on non-Eurocopter helicopter airframes, [ ] from component MRO services on non-Eurocopter components and [ ] from MRO services on SPEs, specifically [ ] engines.

84. The parties do not compete for the same contracts, being authorised and having expertise in different helicopters. Eurocopter's MRO business is largely with civilian customers while Vector's legacy from the DARA business means its UK business is focused on servicing contracts with the MoD.

85. In the provision of MRO services to civilian contracts (particularly regional police forces) Eurocopter is in a strong position, mainly because [70-80] per cent of police helicopters are sourced from Eurocopter, with a two-year MRO service contract included in the contract price. In the provision of MRO services to the MoD, Vector is a near-monopoly provider, partly because of the contract agreed between OEMs and DARA which was subsequently novated to Vector and partly because the helicopters in service are old stock and other MRO providers may lack the necessary expertise to undertake the MRO service provision.

86. That said, MRO services can (and are) provided by OEMs, independent MRO providers and in-house MRO teams. Large independent companies active in providing MRO services to both civilian and military customers include Heli-One and Heli-Union; civilian specialists include INAER, PHI, Texas Aviation, and Helicopteres de France; military specialists include RUAG and OGMA.

87. While the parties are in strong positions in supplying MRO services to the MoD and civilian customers such as the police, there do appear to be plenty of competitors who could provide these MRO services if these contracts were put out to tender.

88. Consequently, the OFT does not believe that it is or may be the case that the merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.

DECISION

89. This merger will therefore **not be referred** to the Competition Commission under section 33(1) of the Act.

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[i] EADS has since advised that in respect of MRO services for helicopter components, Eurocopter earned approximately [ ] in 2010 in respect of component MRO services from the MoD, but only in respect of its own Puma helicopters.

[ii] And components see end note (i) above.

[iii] As part of the National Police Air Service project.

[iv] But redacted.