

Brussels, 8 May 2000

Commission approves joint venture between Dynamit Nobel GmbH Explosivstoff- und Systemtechnik and Orica Europe Ltd.

The European Commission has approved a joint venture between Dynamit Nobel GmbH Explosivstoff- und Systemtechnik (DNES) and Orica Europe Ltd ("Orica"), Precision Blasting GmbH. The purpose of the co-operation is the development and manufacture of a new type of detonator for the mining and building industries among others.

DNES is active in the production and development of explosives and detonator systems. Orica is the subsidiary of Orica Explosives Holdings, which is engaged in the production and distribution of a complete range of explosives products and services to the mining, quarrying and construction industries and offer fully-integrated blasting services.

The products to be developed by the joint venture are electronic detonators for civil use. This new type of detonator differs from existing electric- and non-electric detonators in that it can be programmed by means of electronics to an unlimited number of different blast timing intervals with the greatest precision.

The joint venture will take up the joint development and manufacturing of the products on the basis of existing technology developed by DNES and Orica. The parent companies further contribute to the joint venture with capital and other resources. Distribution will be in the hands of the parent companies. Each of them have been allocated an exclusive territory covering part of the European Union for a period of five years starting from the first placing on the market of the products. For a number of Member States the distribution rights are non-exclusive.

As the joint venture satisfies the conditions for the granting of an individual exemption in accordance with Article 81(3), a comfort letter was sent to the parties. In doing so the Commission took particular note of the following circumstances. Apart from the joint venture there remain at least three other poles of research and development on the EU market. Further, potential spill-over effects from the creation of the joint venture are limited as a result of the level of competition on the EU market and the absence of sufficient market power on the side of the parent companies to collude on prices and output. The Commission reserves however the right to re-examine the case if there are any significant changes in the market position of the JV and/or the parent companies. It may in particular do so after the expiry of an initial five year period after the first placing on the market of the products developed by the joint venture.