


[Latest updates](#)
[Related links](#)
[Contact](#)
[Search](#)
[Login](#)
[Subscribe](#)

Other available languages: FR DE DA ES NL IT PT EL

[Back to the search results](#) [Expand](#) [Share](#)

- Article 85  
 - Sector : regional aircraft  
 - ATR (F) and its parent companies Aérospatiale (F) and Alenia (Finmeccanica) (I) / BAe (UK).

The Commission has authorised the joint venture between Aérospatiale, Alenia and British Aerospace in the sector of regional aircraft for a transition period of 5 years. In fact the Commission **has sent a comfort letter**, which outlines that the Commission is of the opinion that competition within this sector would not be seriously reduced or eliminated by this joint venture.

Last month, the Commission decided that the operation in question does not constitute a concentration under the Merger Regulation (IP/95/849).

The final objective of this project is **the concentration of the parties' activities in the regional aircraft sector**. At the moment these activities include the products of ATR (turboprop jets ATR 42 and 72) as well as those of BAe (turboprops Jetstream and regional jets Avro and BAe).

**During the first stage of the cooperation the parties will pool and rationalise customer service resources such as marketing, sales and after-sales service. Moreover, they will create a single integrated training centre in Naples for pilots and will jointly undertake feasibility studies for new aircrafts in the sector. The joint venture will also undertake research and development activities.** It is this first stage with a duration of five years to which the Commission's decision refers.

In the Commission's analysis, the present situation in the relevant market was an essential factor.

#### The market

The market for **regional aircraft** has a worldwide dimension. The main manufacturers operate in all continents.

A distinction should be made between jet and turboprop aircraft.

In its 1991 "de Havilland" decision the Commission distinguished between three segments within turboprop aircraft according to their seating capacity (20 to 39 seats; 40 to 59 seats; 60+ seats).

In the regional aircraft market for jets (up to 125 seats) a distinction between segments has not been made.

The Commission has based its comfort letter on the same distinction and has taken into account the observations of third parties, including those of competitors of the parties and Member States.

While one cannot speak of a high level of substitutability as between turboprop aircraft and jet aircraft because of substantially differing operating costs, nevertheless a certain evolution in the market should be noted. In particular, if an aircraft with a capacity of more than 60 seats is required to cover relatively long distances, purchasers, mindful of passenger comfort, will be inclined to purchase a jet rather than a turboprop aircraft.

#### Market share

Through the creation of the joint venture, the number of competitors who offer a product in this sector will be reduced, but the market share will not increase in such a way to distort the existing structure. Following the cooperation between the first and the sixth placed competitors, the number of competitors has been reduced from 7 to 6.

1) In the market for regional jets ATR does not operate and BAe occupies approximately 24 %. The main competitors are Boeing (34 %) and Fokker (31 %).

2) In the segments of the turboprop aircraft market the situation is as follows :

- 20 to 39 seats :  
BAe holds 8 % (Jetstream J41);  
ATR does not operate;  
the main competitors are Saab 340 (33 %), Embraer 120 (28 %), de Havilland Dash 8-100/200 (24 %), and Dasa-Dornier 328 (6 %);
- 40 to 59 seats :  
BAe does not operate;  
ATR holds 43 % (ATR 42);  
the main competitors are Fokker F50 (27 %), de Havilland Dash 8-300 (17 %), Casa-IPTN (8 %) and Saab 2000 (6 %);
- 60+ seats :  
BAe stopped production of its J61 aircraft at the beginning of 1995 and the only model offered in this segment is the ATR 72 (100 %); it should be noted, however, that this segment only accounts for 10 % of the overall market for turboprop aircraft and that new entrants are expected.

Therefore, the operation leads neither to a cumulation of high market shares in the sector as a whole nor in its segments.

The joint venture does not create a dominant group being the sole operators present in all market segments. At least one competitor (de Havilland) also offers a wider range of turboprop aircraft and is preparing to enter the market for regional jets.

For these reasons the Commission has authorised the joint venture for a period of five years, reserving the right to reconsider the case if the merger project does not materialise.

\*\*\*