

COMMISSION

COMMISSION DECISION

of 20 January 1977

relating to a proceeding under Article 85 of the EEC Treaty

(IV/27.442 — Vacuum Interrupters Ltd)

(Only the English text is authentic)

(77/160/EEC)

THE COMMISSION OF THE EUROPEAN
COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 85 thereof,

Having regard to Council Regulation No 17 of 6 February 1962⁽¹⁾, and in particular Articles 6 and 8 thereof,

Having regard to the notification to the Commission made on 28 June 1973 by Albert Zirk, the Secretary of Vacuum Interrupters Ltd, London, of an agreement dated 25 March 1970 whereby Associated Electrical Industries Ltd and Reyrolle Parsons Ltd succeeded to the interests of the English Electric Co. Ltd, and A. Reyrolle and Co. Ltd in a company then named Vacuum Interrupters (1968) Ltd which name was later changed to Vacuum Interrupters Ltd,

Having regard to the fact that the said notification sought negative clearance for the said agreement in relation to Article 85 (1) of the EEC Treaty and was accompanied by an application in the alternative for exemption under Article 85 (3),

Having regard to the publication of the summary of the notification in *Official Journal of the European Communities* No C 180 of 4 August 1976 pursuant to Article 19 (3) of the said Regulation No 17,

Having regard to the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions dated 19 October 1976 and delivered in accordance with Article 10 of the said Regulation No 17,

WHEREAS:

I. THE FACTS

1. The agreement notified to the Commission on 28 June 1973 was entered into on 25 March 1970 by Associated Electrical Industries Ltd of the first part, Reyrolle Parsons Ltd of the second part and Vacuum Interrupters (1968) Ltd of the third part. It recited *inter alia* that The English Electric Co. Ltd of the one part and A. Reyrolle and Co. Ltd of the other part had, by an agreement of 15 February 1968, agreed to the formation of a company called Vacuum Interrupters Ltd and to their collaboration together and with Vacuum Interrupters Ltd in the development of vacuum interrupters. Subsequent to the agreement of 1968, and prior to that of 1970, Vacuum Interrupters Ltd changed its name to Vacuum Interrupters (1968) Ltd, and Associated Electrical Industries Ltd and The English Electric Co. Ltd became associated companies, both having become subsidiary companies of The General Electric and English Electric Companies Ltd. The name 'The General Electric and English Electric Companies Ltd' was later changed to 'The General Electric Co. Ltd'. Also subsequent to the agreement of 1968, and prior to that of 1970, A. Reyrolle and Co. Ltd became Reyrolle Parsons Ltd at the time it acquired on 1 January 1969 the whole of the assets and undertaking of C. A. Parsons and Co. Ltd.

2. Associated Electrical Industries is now a wholly owned subsidiary company of The General Electric Co. Ltd.

3. The company 'Vacuum Interrupters Ltd' was incorporated prior to 17 November 1972, and an agreement of that date made between Associated Electrical Industries Ltd, Reyrolle Parsons Ltd, and Vacuum Interrupters Ltd provided *inter alia* that (i) 'Vacuum Interrupters (1968) Ltd' should be liquidated and (ii) Vacuum Interrupters Ltd had become bound by the agreement of 25 March 1970 by adoption thereof.

⁽¹⁾ OJ No 13, 21. 2. 1962, p. 204/62.

4. Both Associated Electrical Industries Ltd and Reyrolle Parsons Ltd produce a great variety of heavy electrical equipment, including switchgear apparatus, independently of and in competition with each other. Associated Electrical Industries Ltd became a subsidiary of The General Electric Co. Ltd on 4 December 1967.

The General Electric Co. Ltd has informed the Commission of:

- (i) three technical collaboration agreements subsisting between them and/or their associated companies and Reyrolle Parsons, each of which were entered into prior to 4 December 1967; as well as
- (ii) two other agreements in each of which they both are associated with other companies — one in the field of transformers (dated 1972) and the other (dated 1969) concerning a minority holding in a cable manufacturing company in the Caribbean area. These contractual relationships between The General Electric Co. Ltd and its subsidiary Associated Electrical Industries Ltd and Reyrolle Parsons Ltd demonstrate that the field of cooperation between the undertakings has not expanded parallel with the initiation and continuation of their joint interest in Vacuum Interrupters Ltd, and therefore the potential for competition between them has not been reduced.

5. Switchgear apparatus has two functions to perform, namely:

- (i) to switch on and off the power flowing from generating stations along transmission lines carrying high voltage electric power whether for rural, urban, or industrial users; and
- (ii) to act as a safety device in the event of a fault in the distribution system.

6. The principal item of equipment in switchgear apparatus is a 'circuit breaker' which performs the cutting off of power and is required to act automatically and very quickly in the event that a fault occurs in the system. It must be able to cut off the flow of current in about one twenty-fifth of a second in order to prevent damage to generating equipment, motors, and other apparatus connected within the system. The duty performed by the circuit breaker when a fault is detected in a high powered transmission line is extremely arduous and requires a most sophisticated piece of equipment. The interruption of heavy currents produces high powered arcs which have conventionally been interrupted in oil, compressed air, or inert gases. The development of the vacuum type interrupter has proceeded in order to take advantage of the fact that an arc cannot be sustained in a vacuum, a phenomenon which produces an extremely rapid arc extinction and a number of residual advantages such as a decreased risk of fire and the durability of working parts.

7. Both Associated Electrical Industries Ltd and Reyrolle Parsons Ltd design, manufacture and sell independently of each other switchgear apparatus for all voltages up to the maximum level for use in both indoor and outdoor sub-stations. Vacuum Interrupters Ltd develops, designs, manufactures and sells vacuum interrupters for incorporation into switches and circuit breakers used within individual units of switchgear apparatus.

8. The development of this type of interrupter has been slow. While the basic principles have been known for many years, the actual construction and operation was known to present problems of the most complex and difficult technical nature. Thus there was the question of (a) maintaining a vacuum (b) maintaining the electrical isolation in spite of the metal vapour created by the arc (c) avoiding excessive wear on contacts (d) avoiding current 'chopping' and (e) avoiding the situation where contact surfaces would weld together — which can happen rather easily when two smooth and highly cleaned surfaces are pressed together in a vacuum and are heated by the actual electric current.

These several problems have been solved in theory during the past 20 years, and many patents have been taken out in respect of them, both in the United States and the United Kingdom, some of which have now expired.

9. It had been known for many years in the United Kingdom that research into vacuum interrupters was proceeding in the United States mainly by the General Electric and Westinghouse Companies, although Jennings Radio and Allis-Chalmers were also believed to be interested and active.

10. However, research into vacuum interrupters did not start seriously in the United Kingdom until about 10 years ago when Associated Electrical Industries Ltd, A. Reyrolle and Co. Ltd and The English Electric Co. Ltd all separately commenced technical investigation and work. Each of the companies found the cost of development was very substantial and each recognized that if vacuum interrupters were to be brought to commercial use at a price which would make them competitive with the conventional forms of switchgear, a collaboration and pooling of the resources available was essential in order that the heavy expenditure involved by the individual companies would be reduced. It was in this circumstance that the idea of establishing a joint facility for research and development arose, and The English Electric Co. Ltd and A. Reyrolle and Co. Ltd agreed in 1968 to form the company Vacuum Interrupters Ltd. The arrangement between Associated Electrical Industries Ltd and Reyrolle Parsons Ltd was entered into by the new agreement of 25 March 1970 which they signed with Vacuum Interrupters Ltd. This agreement is the

subject of the notification of 28 June 1973, together with certain amending agreements subsidiary thereto of 17 November 1972 and two separate ones of 24 November 1972, the contents of which amending agreements are not other than as mentioned material to this Decision. It must however be noted that Vacuum Interrupters (1968) Ltd was, subsequent to the agreement of 1970, wound up and the present company, Vacuum Interrupters Ltd, incorporated, and it accepted by adoption the terms of the agreement of 25 March 1970 as mentioned in paragraph 3 hereof.

11. The notified agreement of 25 March 1970 contains *inter alia* the following terms:

- (a) Associated Electrical Industries Ltd (referred to as 'AEI' in this paragraph) are to hold 60 % and Reyrolle Parsons Ltd (referred to as 'RP' in this paragraph) 40 % of the share capital of Vacuum Interrupters Ltd (referred to as 'VIL' in this paragraph).
- (b) AEI and RP agree that VIL will continue to carry on the business of developing, designing, manufacturing and selling vacuum interrupters as defined in the agreement and also agree that VIL will not carry on any other business without the written consent of both AEI and RP.
- (c) AEI have the right to nominate four directors of VIL, of whom one would be chairman, and RP have the right to nominate three directors, of whom one would be deputy chairman.
- (d) Both AEI and RP agree that neither party should assign the benefit of the agreement to which they each are separately entitled unless certain conditions therein specified have been previously fulfilled by each of them.
- (e) AEI and RP agreed that so long as the agreement was subsisting neither of them would (and in addition they would make reasonable efforts to ensure that their associated companies did not) develop, design, manufacture or sell vacuum interrupters as part of or for major electrical equipment manufactured and sold by either of them and that they would make all reasonable efforts to see that they and their subsidiary companies would purchase all their requirements of vacuum interrupters from VIL, provided it was and continued to be willing and able to sell them on terms competitive as to price, specification, delivery dates, and otherwise, except when a customer insisted that the vacuum interrupters to be used must be supplied from another source.
- (f) AEI and RP agreed to make available to, and to use all reasonable efforts to procure for VIL (i) rights in patents and (ii) other technical information relating to vacuum interrupters which were or would be available to or under the control of AEI and RP or either of them during the continuance of the agreement.

- (g) AEI and RP undertook to procure VIL to undertake to keep in confidence and not to disclose to any outside party, or use, except in connection with a purpose connected with the business, any confidential information acquired by virtue of their association pursuant to the agreement.
- (h) The agreement was to continue in operation for a period of 10 years from the date of signing and thereafter from year to year until amended or terminated as provided in the agreement, with the exception of those provisions concerned with confidentiality, which would continue to remain in full force and effect for the time specified in the agreements.
- (i) It was also agreed that the agreement would be registered with the Registrar of Restrictive Trade Practices in England.
- (j) There are certain other provisions concerning the rights of AEI, RP and The General Electric and English Electric Companies Ltd (by which name The General Electric Co. Ltd was then known) to make available patents and information relating to vacuum interrupters to VIL, with reciprocal facilities from VIL, and dealing with other rights, including the rights granted to VIL by the original agreement of 1968, and reserving to themselves the right to grant licences to subsidiary concerns in Australia, South Africa, India, Pakistan and New Zealand and to other overseas companies in which they have an interest subject to the consent of VIL.

12. Vacuum Interrupters Ltd manufacture only vacuum interrupters, and not switchgear or circuit breaking apparatus in which the interrupter is to be incorporated. The design and specifications for such apparatus are prepared by the manufacturer who designs it specifically to accept the type of interrupter to be used — whether of the oil, liquid, inert gas, or vacuum variety. Where the vacuum type interrupter is to be used, the design and specifications are then given to Vacuum Interrupters Ltd, who will design and construct the actual vacuum interrupter for installation in the particular apparatus concerned. The vacuum type interrupter is not interchangeable with any other type of interrupter in that particular equipment. An interrupter itself is not used directly by or sold directly to the ultimate user of switchgear apparatus. It is sold only to the intermediate customer who is the manufacturer of the switchgear apparatus for which it has been designed and made. The relevant market for vacuum interrupters is consequently limited to those companies or undertakings which manufacture, fabricate, construct or adapt switchgear apparatus which is built around, adapted for, or incorporates the vacuum type interrupter.

13. The other main points which emerged from the investigation conducted by the services of the Commission following notification are as herein next set out.

(a) Circuit breakers for power systems cover a range of voltages, generally from 200 volts to 700 kilovolts (kV). Vacuum interrupters already developed by Vacuum Interrupters Limited have been installed in circuit breakers ranging from 3.3 to 132 kV, but the two types of vacuum interrupter on which production is at present concentrated are types named V5 and V8. These are of low voltage capability only, both being rated at 11 kV with short circuit currents of 26.2 and 13.1 kA respectively, and normal current ratings of up to 1 250 and 2 000 amps respectively. It is planned to increase the voltage rating of these interrupters.

(b) It appears that some £1.5 million has already been spent by firms in the United Kingdom in research on and development of the vacuum interrupter. The predecessor of the present Vacuum Interrupters Ltd invested about £ 500 000 on research and development. The present company had, in the four years ending 31 March 1974, expended £1 million in research, development, production, manufacture and sale, and administration costs. The vacuum interrupter is not yet being produced in commercial quantities by the company, but it is hoped within the next few years to increase the capacity which this type of interrupter will be capable of handling, and also to increase the production capacity of the plant so that a wider range of efficient interrupters of this type can be marketed on a viable commercial basis. The present types available for sale are sold at about £150 each, an amount which does not include any sum in respect of the cost of development. The turnover of the company in each of the four years ending 1974 was :

1970/71 :	£ 27 050,
1971/72 :	£ 32 220,
1972/73 :	£ 48 314,
1973/74 :	£ 47 235.

(c) Vacuum type interrupters are now being manufactured in the United Kingdom, the United States, and Japan. The manufacturers are :

United States :

The General Electric Co.
Westinghouse Electric Co.
McGraw Edison
Jennings Radio
Allis-Chalmers
ITE — Imperial Corporation

Japan :

Mitsubishi
Toshiba
Miedensha
Toyo Denki
Hitachi

United Kingdom :

Vacuum Interrupters Ltd.

(d) There is no real vacuum interrupter market yet in the Member States of the EEC because switchgear, incorporating Vacuum Interrupters Ltd type vacuum interrupters, is still in the development stage. The sales which have taken place to customers within the Member States have been apparently for experimental purposes only (seven vacuum interrupters to two separate customers in West Germany). The prospects for future sales are dependent on the successful development of this type of interrupter and, in particular, the increasing of the power capacity which they can handle. All the indications are that the development will be successful, and that exports to other countries within the EEC will expand. There has been a steady expansion in demand for the vacuum interrupter in both the United States and Japan and there is no reason to believe that a similar expansion will not occur when the manufacturers of switchgear within the EEC develop equipment to incorporate the vacuum interrupter.

(e) Associated Electrical Industries Ltd, through its principal The General Electric Co. Ltd, has many customers for switchgear apparatus in the United Kingdom and in the other Member States of the EEC. Reyrolle Parsons Ltd have not had customers for switchgear apparatus in any EEC Member State other than the United Kingdom. The business of both companies is mainly with large industrial undertakings in the United Kingdom and in particular with the Central Electricity Generating Board and other electricity boards, to which both are the main suppliers of switchgear equipment. The cost of the vacuum interrupter unit is a very minor part of the cost of switchgear.

14. Vacuum Interrupters Ltd submitted the notification of the agreement of 25 March 1970 and the amending agreements of 17 November 1972 and the two further agreements of 24 November 1972 on 28 June 1973. The Commission have considered the written and oral submissions of the parties and have investigated the matter, as a result of which it appeared that this was a case in which a favourable decision was probable. For this reason, a notice summarizing the facts and inviting comments from any interested third party was published on 4 August 1976 in the *Official Journal of the European Communities* pursuant to the provisions of Article 19 (3) of Regulation No 17. No comments or objections have been received from any third party following that publication.

II. APPLICABILITY OF ARTICLE 85 (1) OF THE TREATY

By virtue of the provision of Article 85 (1) of the Treaty, all agreements between undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market are prohibited as incompatible with the common market.

A. Prevention, restriction or distortion of competition

15. Prior to the signing of the agreement of 25 March 1970 neither Associated Electrical Industries Ltd nor Reyrolle Parsons Ltd were manufacturing vacuum interrupters. However, their experience in the field of heavy electrical equipment and their ability to manufacture components therefor, the extent and quality of their research and development work, some of which was concentrated in the field of vacuum interrupters, their skill in producing electrical equipment generally and the natural growth of their activities in the field of manufacture of electrical equipment might well have led them to extend their range of products to include vacuum interrupters, thereby making them direct competitors in the relevant product market. They must therefore be assumed to be potential competitors and the agreement of 25 March 1970 to have been concluded between potentially competing manufacturers.

16. The object and effect of the agreement is to restrict competition within the common market. There is not at present even one manufacturer of components for electrical equipment within the area of the common market which makes and sells vacuum interrupters. When two companies, each of which is a potential manufacturer and which are each within the common market, merge their activity in the fields of research, development, manufacture and sale by establishing a joint venture concerned with this one product on such terms that they deprive themselves of the possibility of developing and selling that product independently of, and in competition with each other, there is a restriction of competition.

B. Effect on trade between Member States

17. Both Associated Electrical Industries Ltd and Reyrolle Parsons Ltd are major manufacturers of switchgear apparatus in the United Kingdom. It is reasonable to assume that if a market were to develop in the other Member States of the EEC for the vacuum interrupter and if both Associated Electrical Industries Ltd and/or their associated companies and

Reyrolle Parsons Ltd had developed and manufactured the vacuum type interrupter independently of each other, each should have been able to obtain a market for it in the other Member States, where they would have been in direct competition not only with each other but also with such other undertakings as might manufacture this type of interrupter. There could have developed an export trade between each of these undertakings in the United Kingdom and customers in other Member States in which each would have been in competition with the other and with local manufacturers. Exports from the UK to other Member States are now likely to start earlier and form a different pattern, thus affecting the flow of trade from the United Kingdom to other Member States. Further, both Associated Electrical Industries Ltd and Reyrolle Parsons Ltd have as customers in the United Kingdom the Central Electricity Generating Board and other area boards and most of the large industrial undertakings which take electricity from high voltage lines. The fact that two companies, each with an important market position in heavy electrical equipment in the United Kingdom, have combined their activity in the field of vacuum interrupters in a joint subsidiary must reduce the possibility that another manufacturer or other manufacturers of electrical equipment from other Member States of the EEC would be able to enter the United Kingdom for the purpose of manufacturing and selling or selling only the vacuum interrupter in competition with Vacuum Interrupters Ltd. It might well have been easier for such manufacturers to build up a market for the vacuum interrupter in the United Kingdom if they were not to be in competition with one economically and technically strong competitor but with two competitors, each separately economically and technically weaker. The market position of Vacuum Interrupters Ltd, having regard to that of the parent undertakings and of other manufacturers of switchgear equipment in the UK who are also in a position to sell switchgear equipment utilizing the interrupters designed and made by Vacuum Interrupters Ltd, would make it more difficult for new market entrants to capture a share of the market. The result therefore of the establishment of Vacuum Interrupters Ltd is that the economic penetration of the United Kingdom by manufacturers of electrical apparatus from the other Member States of the EEC will be rendered more difficult. Thus the effect of the restriction on competition arising from the creation of the joint subsidiary with which this Decision is concerned is that the potential competition between the parent companies to be offered from the United Kingdom to other Member States will be reduced, as will the potential for competition by companies from other Member States within the United Kingdom. Further, because there are no other manufacturers of vacuum interrupters in the common market at present and there are relatively few potential manufacturers therein, a joint venture between two potential manufacturers affects the structure of competition in the common market. Trade between Member States may thus be affected by the agreement of 25 March 1970.

18. The said agreement is, as set forth in paragraph 15 hereof, concluded between manufacturers who are potential competitors, and there is a restriction on competition as stated in paragraph 16 hereof, which, by virtue of the consequences set out in paragraph 17 hereof, may have an effect on trade between Member States. The said agreement, therefore, comes within the provisions of Article 85 (1) of the Treaty.

III. APPLICABILITY OF ARTICLE 85 (3) OF THE EEC TREATY

Under Article 85 (3), the provisions of Article 85 (1) may be declared inapplicable to the agreement if it contributes to improving the production or distribution of goods or to promoting technical or economic progress while allowing consumers a fair share of the resulting benefit, and does not :

- (a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives ;
- (b) afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question.

19. The Commission is satisfied that at the time The English Electric Co. Ltd and A. Reyrolle and Co. Ltd established the joint venture in 1968 each of them believed that the liquid and air types of interrupter then in use were the only types of interrupter that would continue to be a viable commercial proposition — at least in the short- to medium-term period. Both knew the potential advantages of the vacuum type interrupter as compared with the liquid and air types. Nonetheless the amount of risk capital which would have to be invested in order to develop the vacuum type, when taken together with the technical skills which would have to be devoted to it to the exclusion of work on other more profitable projects and the possible length of time that would have to elapse before the development could reach a stage where a commercially viable production might result was such that each company ceased its independent research and development. They then created the joint venture, in which each had a smaller monetary investment than if they had continued on their own and for which each undertaking was able to provide some technicians, thereby sharing their technical skills with

less serious consequences on the other work in which the respective companies were engaged. Research and development of the vacuum interrupter by Vacuum Interrupters Ltd has, as anticipated, been slow but it is now making steady progress and the Commission considers that the history of the joint venture since its original establishment in 1968 shows that its parent companies were justified in coming to the conclusion that neither company should on its own have continued to invest money and technical skill in the development of the vacuum interrupter.

20. As a result, Vacuum Interrupters Ltd has now designed, developed and is able to manufacture two different models of the vacuum interrupter, each of fairly low capacity, which it is hoped will be increased in the foreseeable future. The present day cost of each completed unit to the purchaser is about £150, a figure which does not include any sum in respect of research or development costs. By virtue then of the investment in Vacuum Interrupters Ltd, the consumer is being given a durable and efficient low power interrupter at a reasonable cost, which thus secures to him a fair share of the benefit from the joint venture. The fact that the development of this type of interrupter is continuing means that the market in which it will be possible to sell should expand by enabling designers of switchgear apparatus to anticipate the possibility of using the vacuum type interrupter in apparatus of higher capacity than at present. This will result in their designing more apparatus using the vacuum interrupter, which should increase demand for the product and in turn contribute to the improvement of production and distribution of the goods. Further, by continuing research, Vacuum Interrupters Ltd is promoting technical and economic progress.

21. Vacuum Interrupters Ltd are free to sell vacuum interrupters to any switchgear manufacturer anywhere to his specifications. When they manufacture for either AEI or RP the designs and specifications to which they work for either company are kept secret from the other. The orders are placed and handled independently. The company is consequently able to concentrate the work it does in the field in which it was intended, namely the production of this component for switchgear apparatus, and it does not extend the area of its activity into any related fields which would give rise to more cooperation and to an unnecessary restriction of competition.

22. Having regard to the contents of the notification and the annexes submitted therewith, the evidence available and the results of the enquiries and investigations carried out, the Commission in this case accepts the submissions of Vacuum Interrupters Ltd in support of their claim for exemption under Article 85 (3), which are hereinafter set out:

- (1) The availability of vacuum interrupters enables switchgear manufacturers to design, develop and manufacture electric circuit breakers which have technical advantages over existing air and liquid apparatus.
- (2) The agreement makes provision for the financial resources and technical support necessary to enable the research and development of vacuum interrupters to be carried out in depth.
- (3) The users of switchgear incorporating vacuum interrupters receive benefits therefrom.
- (4) The agreement enables the vacuum type interrupter to be developed, manufactured, and sold to consumers within the EEC on a competitive basis with those which will be available for import into the EEC from the United States and Japan when a market for the vacuum interrupter is established within the Member States of the EEC.
- (5) The technical and financial effort required to produce the vacuum interrupter as a commercially viable product within a useful period of time would not have been achieved if both of the parties had relied solely on their own resources.

23. The agreements do not contain any restrictions which are not indispensable to the attainment of their objectives. The principal agreement provides that the parties would make 'reasonable efforts' to ensure that their associated companies did not develop, design, manufacture and sell vacuum interrupters, and also to see that their subsidiary companies would not purchase their requirements of vacuum interrupters from other manufacturers of vacuum interrupters. However, should a customer of either parent company or a subsidiary company specify that a vacuum interrupter made by some other manufacturer was to be included in electrical equipment ordered, such specific request is to be complied with. The restriction that neither of the parent companies would develop, design, manufacture, or sell vacuum interrupters on their own is considered by the Commission to be indispensable by virtue of the nature of the agreements under consideration.

24. All the requirements of Article 85 (3) are therefore satisfied.

25. The agreement in question has been in operation since 25 March 1970.

26. It is intended to grant an exemption for the period 1 January 1973 to 25 March 1980. The period of commencement is determined in accordance with the provisions of Article 25 of Regulation No 17, the applicant having lodged the notification on 28 June 1973, thereby coming within the six-month period required in order to obtain the benefit of that Article. It is intended to make it an obligation of the exemption that the Commission be notified of:

- (i) any changes in the share structure and ownership of shares in Vacuum Interrupters Ltd during the period of exemption, and
- (ii) that the Commission be notified of any authorization given by Associated Electrical Industries Ltd and Reyrolle Parsons Ltd authorizing Vacuum Interrupters Ltd to 'carry on any other business' with full particulars of such authorization.

The Commission, for these reasons,

HAS ADOPTED THIS DECISION:

Article 1

The provisions of Article 85 (1) of the Treaty establishing the European Economic Community are, pursuant to Article 85 (3), declared inapplicable to the terms of the agreement of 25 March 1970 made between Associated Electrical Industries Ltd, Reyrolle Parsons Ltd and Vacuum Interrupters Ltd.

Article 2

Vacuum Interrupters Ltd is required to notify the Commission of any changes during the period of exemption in its share capital and/or the ownership of its shares within 28 days of such becoming effective.

Article 3

Vacuum Interrupters Ltd is required to notify the Commission of any authorization given by Associated Electrical Industries Ltd and Reyrolle Parsons Ltd during the period of exemption authorizing the undertaking to 'carry on any other business' with full particulars of such authorization within 28 days of such authorization being given.

(¹) OJ No 13, 21. 2. 1962, p. 204/62.

Article 4

This Decision shall have effect from 1 January 1973 and shall apply until 25 March 1980.

This Decision is addressed to :

1. Vacuum Interrupters Ltd, 68 Ballards Lane, Finchley, London, England ;
2. Associated Electrical Industries Ltd, 1 Stanhope Gate, London W1, England ;

3. Reyrolle Parsons Ltd, Hebburn, County Durham, England.

Done at Brussels, 20 January 1977.

For the Commission

R. VOUEL

Member of the Commission
