Recommended voluntary disclosure of December 1998 according a concentration to be incompatible with the common market and the functioning of the EEA Agreement (Case No IV/M.1157 - Gemi/Gedeon/Chemdal/Chemdal Corporation) (Text with EEA relevance) (Council Regulation (EEC) No 4064/89) (Only the English text is authentic) (Text with EEA relevance)

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COMMISSION DECISION of 9 December 1998 declaring a concentration to be incompatible with the common market and the functioning of the EEA Agreement (Case No IV/M.1157 - Gemi/Gedeon/Chemdal/Chemdal Corporation) (Text with EEA relevance) (Only the English text is authentic) (98/714/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

having regard to the Treaty establishing the European Community,

having regard to the Agreement on the European Economic Area, and in particular Article 57 thereof,

having regard to Council Regulation (EEC) No 4064/89 of 21 December 1989 on the control of concentrations between undertakings (1), as amended by the text of Annexes II and III to the Agreement on the European Economic Area of 2 May 1992, and in particular Article 6(1)(c) thereof,

having regard to the decision of the Commission of 10 July 1997 to initiate proceedings in this case,

having given the undertakings concerned the opportunity to make known their views on the objections raised by the Commission,

having regard to the opinion of the Advisory Committee on Concentrations (2),

HAS ADOPTED THE FOLLOWING DECISION:

I. (1) On 2 July 1997 Gedeon Richter Plc (hereinafter, "Gedeon") (GRP), (Budapest, Hungary) and Gemi (Paris, France) (1) (2) (3) (hereinafter "Gedeon/Gemi") notified a proposed concentration by which Gedeon would acquire control of the whole of the business of Chemdal Corporation (hereinafter, "Chemdal") (Palatine, Illinois, USA) by purchase of shares.

(2) Gedeon is a joint venture between the Hungarian State, represented by the State Holding Company (SHC), and a consortium of Hungarian and foreign investors. Gedeon is active in the pharmaceuticals sector, in particular in the production and sale of pharmaceuticals for human use, including hormonal products, cardiovascular products, central nervous system products, and products for the treatment of gynaecological disorders. Gedeon is also active in the production and sale of chemicals for use in the pharmaceuticals sector, including hormones and steroids. Gedeon is controlled by the Hungarian State through the SHC, which holds 25,1 % of the shares in Gedeon. The remaining shares are held by a consortium of Hungarian and foreign investors, none of which holds more than 5 % of the shares in Gedeon. The Hungarian State also has a golden share in Gedeon, which gives it the right to veto certain decisions of the Gedeon shareholders' meeting. The Hungarian State is also represented on the Gedeon supervisory board.

(3) Chemdal is active in the production and sale of pharmaceuticals for human use, including products in the areas of central nervous system, cardiovascular, and gastrointestinal products. Chemdal is also active in the production and sale of chemicals for use in the pharmaceuticals sector, including steroids and hormones. Chemdal is controlled by the Hungarian State through the SHC, which holds 25,1 % of the shares in Chemdal. The remaining shares are held by a consortium of Hungarian and foreign investors, none of which holds more than 5 % of the shares in Chemdal. The Hungarian State also has a golden share in Chemdal, which gives it the right to veto certain decisions of the Chemdal shareholders' meeting. The Hungarian State is also represented on the Chemdal supervisory board.

(4) Gemi is active in the production and sale of pharmaceuticals for human use, including products in the areas of central nervous system, cardiovascular, and gastrointestinal products. Gemi is also active in the production and sale of chemicals for use in the pharmaceuticals sector, including steroids and hormones. Gemi is controlled by the Hungarian State through the SHC, which holds 25,1 % of the shares in Gemi. The remaining shares are held by a consortium of Hungarian and foreign investors, none of which holds more than 5 % of the shares in Gemi. The Hungarian State also has a golden share in Gemi, which gives it the right to veto certain decisions of the Gemi shareholders' meeting. The Hungarian State is also represented on the Gemi supervisory board.

(5) The notified operation takes place in two stages. In the first stage, Gedeon would acquire 100 % of the shares in Chemdal. In the second stage, Gedeon would merge Chemdal with Gemi. The merger would take place by transfer of the assets and liabilities of Chemdal to Gemi, in exchange for shares in Gemi. The shareholders of Gemi would receive shares in Gedeon in exchange for their shares in Gemi. The Hungarian State would remain the majority shareholder in Gedeon, with a 25,1 % shareholding. The Hungarian State would also retain a golden share in Gedeon, which would give it the right to veto certain decisions of the Gedeon shareholders' meeting. The Hungarian State would also be represented on the Gedeon supervisory board.

(6) The notified operation is a joint venture between the Hungarian State and a consortium of Hungarian and foreign investors. The Hungarian State would control the joint venture through its shareholding in Gedeon. The joint venture would be established on the basis of a shareholders' agreement between the Hungarian State and the other shareholders in Gedeon. The Hungarian State would have the right to appoint the majority of the members of the supervisory board and the management board of Gedeon. The Hungarian State would also have the right to veto certain decisions of the Gedeon shareholders' meeting. The joint venture would be established for an unlimited period of time.

II. (7) The notified operation does not create dominance in the European Community or in the European Economic Area (EEA). The parties to the notified operation have combined market shares in the EEA of less than 25 % in all relevant markets affected by the operation. Moreover, the parties' combined market shares in the EEA are below 25 % in all relevant markets affected by the operation. The

for export to Japan and to Taiwan where Nano has a production plant for abrasive products (76).

(212) According to the information provided by the parties, it would take them as much as three years and cost to build a plant, to acquire potential customers or to use a processing plant and to gain market acceptance. The exact period of time will depend on the level from which a company starts. This estimate assumes that the know-how and financing required are in place. Where producers are in less favourable environments and the means to buy the necessary machinery or access to know-how should be sought from third parties, it would take more than three years to enter the EEA market.

(214) In conclusion, the parties' estimate of the Chinese producers being able to penetrate the EEA market within two to three years is very optimistic. In fact, it is highly likely that it will take more than three years for Chinese producers to enter the EEA market for abrasive and refractory material. Indeed, the Japanese example shows that it takes more than three years for Chinese producers to penetrate the EEA market even in demand-driven situations between Western producers, for example through joint ventures. Saint-Gobain has already set-up a SiC processing plant in China and is the most obvious EEA producer to pursue this strategy.

(215) The general conclusion is that competition from Chinese producers is not imminent and that the current measures are currently preventing companies from importing processed abrasive SiC from the former Eastern bloc countries and China. Indeed, some customers have indicated to the Commission that the anti-dumping measures are preventing them from buying from sources in those countries. However, as discussed above, producers in Russia, Ukraine and China are currently not able to supply a full range of abrasive SiC. Therefore, the Russian, Ukrainian and Chinese producers cannot be considered to prevent imports since the main reason for the low imports from China, Russia, Ukraine and Poland is in fact the suppliers' failure to meet the requirements of EEA customers as far as product quality, product range, and reliability in supply are concerned.

The Commission notes that the period where certain producers were able to supply raw material for SiC to be taken into account as a factor preventing the creation or strengthening of a dominant position, can vary from case to case depending on the specific circumstances, but two to three years is normally considered as maximum. In Case IV/M.477 - Mercedes-Benz/Kässbohrer (77), potential competition played an important role in the decision to clear the case. The question was whether Mercedes-Benz would become a dominant position on the coach market in the Netherlands by building new bodies on foreign coaches. In that case, strong competitors were already present on the market (MAN) or had already made arrangements to enter the markets (Volvo). Furthermore, companies with considerable resources like IVECO and Renault had product lines which could, with minor adaptions, be sold in Germany. Potential competition was, therefore, specific, easily identifiable and profitable. (78) In a competitive environment of SiC producers, a period of at most three years is appropriate.

(217) Conclusion on potential competition. In the future, the main sources of potential competition would be from the former Eastern bloc countries and China. The producers in Ukraine are faced with power shortages and restructuring needs. The producers in Russia have had problems with supplies and need technical assistance to implement the Western processes used by producers in Japan. These producers need to increase the quality of processed material, if they want to compete in the EEA market.

(218) Purchasers of SiC for abrasive applications, consulted by the Commission, stated that producers in the former Eastern bloc and China are not able to obtain the level of quality that is necessary for their needs. Furthermore, any attempt to enter the EEA market for processed SiC which is not based on a long-term commitment is likely to fail, since EEA customers consider the reliability of deliveries and product quality to be of greater importance than the product price. This is supported by answers to questions which stated they would not consider using non-European suppliers even if the products were cheaper.

(219) In view of the current problems of producers in the former Eastern bloc and in China, the Commission does not consider it likely that these producers will be able to materialise as potential competitors within the next three years. Indeed, the Commission's investigation showed that the EEA market for SiC is not a priority for these producers. Moreover, the Commission considers that it would be difficult for them to establish effective potential competition to the parties. It is likely that the producers in Russia, Ukraine and China will be able to become potential competitors with the technical assistance and know-how of Western or Japanese companies. Saint-Gobain and Japanese companies already have joint ventures in processing in China, and Saint-Gobain has plans to set up a fusion plant in China.

Conclusion

(220) After the merger, the parties will be by far the largest supplier of SiC for abrasive applications in the EEA. The competitors are all smaller companies with limited resources who would not be able to challenge the parties. Furthermore, there are no potential competitors that would become effective in the EEA within a reasonable period of two to three years. In particular, it cannot be expected that potential competitors in eastern Europe and China will emerge to an extent sufficient to constrain the parties' market power in the EEA. The market for SiC for abrasive applications is characterised by a high degree of product differentiation, with quality, reliability of supply and product range being the main factors. The lack of reliability of supply, particularly from outside the EEA will not be sufficient to constrain the parties' market power. In the case of refractory SiC, the parties have a strong market share in the EEA and the merger will strengthen the market position of the parties. Therefore, the merger will have a dominant position on the market for processed SiC for abrasive applications. In particular, the parties will be in a position to impose a small but significant price increase, since the smaller competitors will not be in a position to challenge the parties, nor will potential competitors the market in the foreseeable future.

C.6. Processed silicon carbide for refractory applications

(221) According to the parties, sales of processed SiC for refractory applications in the EEA amounted to ECU [>50] million ([>50] 000 tonnes) in 1995. Germany accounted for about [50 to 55] % of the market volume in the EEA, the United Kingdom for [15 to 20] %, France for [5 to 10] %, Spain for [<5] % and Italy for [<5] %.

(222) The Commission disagrees with the market volume estimated by the parties. Based on its inquiry of all producers and processors in the EEA, the major traders and importers, and 26 manufacturers of refractory products and ceramics, the Commission estimates that total sales of processed SiC for abrasive and refractory applications in 1995 amounted to some ECU 45,7 million (54 713 tonnes) in 1995 (79). Although significantly lower than the market volume estimated by the parties, in value terms the Commission's figure equals estimates provided by other suppliers (79).

Market position of the parties

(223) The market structure and the conclusions reached in that regard are similar to those found for the market for SiC for abrasive applications. The parties will have a combined market share of over [60 to 70] % (in value terms) (80). As for abrasives, several smaller competitors are present on the market. However, Elektroschmelzwerk Kempten, Norton and SKW each have only about 10 % of the market. Other European producers have an even more marginal presence of less than 5 %. The market share of the parties is therefore six to seven times larger than their closest competitors (see Annex II).

(224) The parties consider their market share to be inflated by the combined market share, since the parties are by far the most important full-range suppliers, whereas the competitors are not full-range suppliers and mostly supply only basic products. Of the European competitors, Navarro and MWK mostly supply grades for less demanding refractory products. The position of suppliers located outside Europe is not significant. Imports are mainly of coarse grades, which are only to a limited extent substitutes for the fine grades of refractory SiC produced by the parties. Furthermore, there is no specific basis on which the buyers would have countervailing buying power, except their size, which is limited in relation to the parties. It is, therefore, be concluded that buyers of refractory SiC grade have no buying power.

Prospects for future demand

(230) The parties have argued in the Notification (page 78) that demand is declining, or at best stable, due to its dependence on the steel and metallurgical markets in particular. However, this seems to be inconsistent with an article from Industrial Minerals quoted by the parties in Annex 12 (Document 16). According to that article (page 51, paragraph 5), the share of SiC in total refractory products is expected to increase.

(231) Furthermore, according to the parties, sales have increased by 18,1 % and consumption (volume) has increased by 11,8 %, since 1993. Over the same period the average price for SiC grains for refractory applications in the EEA has increased by 5,9 %. However, according to the parties the average price in 1995 is about 17 % higher than in 1994.

(232) SiC was first introduced on an experimental basis in blast furnaces in the 1970s and first became widely used as a refractory material in blast furnaces in the 1980s, according to the articles by Ray (Annex 12 to the notification, document 8). It appears that SiC has continued to replace other refractory materials, not due to price developments, but due to technological incentives. The actual demand may fluctuate with general economic conditions. However, overall, the demand prospects for SiC for refractory applications are not unfavourable.

Barriers to entry

(233) The barriers to entry are basically the same as for the abrasives market, since the processing equipment is the same as the equipment used for the processing of abrasives material. However, refractory material may be somewhat less complicated to produce.

(234) It should be noted that it is unlikely that equipment would be purchased only to produce refractory or abrasive grains. It would normally be purchased in order to produce for both markets. In this sense, barriers to entry in the abrasive market will have an impact on entry to the refractory market and vice versa. An increase in demand for refractory material would therefore not necessarily lead to new entry, even if there is a decline in overall grain demand for refractory, abrasive and other applications.

Potential competition

(235) According to the parties, proximity to the customer confers an important competitive advantage (see Section B.3). Refractory products are produced to customer specifications, which will tend to make this aspect more important for refractory than for abrasives. For this reason potential competition will be even less in the refractory market than in the abrasives market. Otherwise, however, the assessment of potential competition is the same as for abrasives, and reference is made to Section C.5.

Conclusion

(236) Following the operation the parties will be the largest producer of processed SiC for refractory applications in the EEA. They will have a market share of [60 to 70] %. In some segments the parties will even be the only supplier. The remaining competitors within the EEA are all much smaller than the parties and cannot, due to their limited resources, pose a credible threat to the parties. Potential competitors located outside Europe do not constitute a significant source of supply for the refractory customers in the EEA. In particular, these producers have difficulties meeting the quality requirements of EEA customers, and they are not expected to be able to do so within the foreseeable future. Therefore, the parties would be in a position to impose a small but significant price increase, since the smaller competitors would not be in a position to challenge the parties, nor would potential competitors enter the market in the foreseeable future.

(237) In conclusion the concentration will create a dominant position in the market for SiC for refractory applications, as a result of which effective competition would be significantly impeded in the market for processed SiC for refractory applications.

C.7. Silicon carbide for other industrial applications

According to the parties, sales of processed SiC for other industrial applications in the EEA amounted to ECU [<50] million ([<2 000 tonnes) in 1995. However, based on its inquiry of all producers and processors in the EEA, the major traders and importers, and 26 manufacturers that use SiC in other industrial applications, the Commission estimates that total sales of processed SiC for other industrial applications in the EEA amounted to some ECU 74 million (7 632 tonnes) in 1995 (81).

(239) On this market the parties will have a combined market share in value terms of about [<30] %. They will face effective competition from the other SiC suppliers in the EEA, in particular from MWK, Navarro, and Orkla-Exolon. It appears that the parties would not achieve a dominant position on this market.

D. TIED COST DILEMMA'

(240) The parties argued in the Response that the proportion of total costs represented by their fixed costs amounted to between [...] % (including labour costs as fixed costs) compared to only [...] % variable costs (mainly energy and raw materials). According to the parties, this cost structure forces them to run their plants at full capacity, since they have an incentive to sell as much material as they can, as long as variable costs are covered. As a consequence they are forced to respond to low priced imports, since they cannot afford to lose market share. Therefore, their high market shares do not necessarily reflect market power.

(241) This argument cannot be accepted. First, it assumes that imports are the major source of competition on the market. As discussed above in Sections B and C, this is clearly not the case. The most important source of competition in the abrasive and refractory SiC markets is the competition between the parties to the notified merger. Imports only play a marginal role and it cannot, therefore, be accepted that imports would have a disciplining effect on prices for abrasive and refractory products, as argued by the parties. Secondly, it is not clear that the parties would not be able to respond to imports following the merger. The main source of competition for the abrasives market is the competition between the parties, which would disappear following the merger. Consequently, after the completion of the merger, there would be scope for price increases.

(242) Secondly, the main part of the fixed costs mentioned by the parties is only fixed for a very short period of time (one to three months). There is scope for adjustments of capacity and fixed costs of the plants of the parties. This is, for example, demonstrated by [...].

(243) Thirdly, the Commission assessment of market power is not only based on the size of the market shares of the parties, but also, for example, on the structure of current supply and demand and potential competition as discussed above in Section C.

E. ECONOMIC AND TECHNOLOGICAL PROGRESS

(244) The parties expect synergies resulting from the concentration in both the production and the processing of SiC (82). As to production, synergies can be achieved in particular by:

- [...] (83),
- [...],
- [...],
- [...].

(245) The main synergies which can be obtained from this operation relate to the Dettlofzl plant. As mentioned above, the Dettlofzl plant is a joint venture between Hoechst and Elektroschmelzwerk Kempten GmbH (EKS).

(246) The parties argued that EKS would be forced out of the market in the near future, if it is not taken over by another undertaking. [...]

(253) Accrual of ESK's market share to Saint-Gobain. Even if ESK were to close both its Dettlofzl and Grefrath plants immediately, the market structure would still be less anti-competitive than that resulting from the merger. The consequence of a closure would be a major price increase, particularly in the abrasive and refractory SiC markets, since neither Saint-Gobain, nor Orkla-Exolon, Navarro or potential competitors would have the capacity to fill the demand gap left by ESK. There would be new investment in fusion and processing capacity and competition between Saint-Gobain, Orkla Exolon, and Navarro. Furthermore, with such a major price increase the EEA market would become very attractive, which would make it highly likely that a fourth company would take some of EKS's market share.

(254) In this situation Saint-Gobain would be likely to take a large part of EKS's market share. However, it would not be able to capture all of ESK's market share. In conclusion the increase in Saint-Gobain's market share and market power would be less than if the merger is allowed to go ahead.

(255) Alternative purchasers. The parties have argued that Saint-Gobain is the only realistic buyer for the whole of EKS's SiC business.

(256) The source of the problem for ESK's SiC business is the Dettlofzl fusion plant, which is structurally disadvantaged due to its high proportion of the lower-priced metallurgical SiC, which is less profitable due to the competitive pressures in this market. Furthermore, the Dettlofzl plant site is polluted and cannot be clean-up economically. All in all, Dettlofzl is not in itself a very attractive asset. Saint-Gobain does not wish to be saddled with the contamination of the Dettlofzl plant in the long term, since the plant will remain a high-cost producer.

(257) The Grefrath processing plant on the other hand is a highly valuable asset. It is one of the most advanced processing plants in the world, and could be sold either as a whole or in pieces to third parties. In either case, the processing capacities would remain in the market competing with Saint-Gobain. This has already happened in the past in connection with the closure of Lonza and Pechiney's SiC production. This solution would be less anti-competitive than the joint venture. For all the above reasons, therefore it cannot be accepted that the current operations should be approved due to a failing company defence.

G. UNDERTAKING PROPOSED BY THE PARTIES

(268) By letter of 25 October 1996 the parties have offered an undertaking in order to prevent the creation of a dominant position in the markets for abrasive and refractory SiC. In the preamble to the undertaking, the parties state that it is their firm belief that the merger as notified does not give rise to any competition concerns in the EEA. In consequence, All in all, Dettlofzl is not in itself a very attractive asset. Saint-Gobain does not wish to be saddled with the contamination of the Dettlofzl plant in the long term, since the plant will remain a high-cost producer.

(269) Assessment of the proposed commitments. The commitments would not be significant market distortions when compared with the situation in the Community. Indeed, the commitments would not prevent the creation or strengthening of a dominant position, can vary from case to case depending on the specific circumstances, but two to three years is normally considered as maximum. In Case IV/M.477 - Mercedes-Benz/Kässbohrer (77), potential competition played an important role in the decision to clear the case. The question was whether Mercedes-Benz would become a dominant position on the coach market in the Netherlands by building new bodies on foreign coaches. In that case, strong competitors were already present on the market (MAN) or had already made arrangements to enter the markets (Volvo). Furthermore, companies with considerable resources like IVECO and Renault had product lines which could, with minor adaptions, be sold in Germany. Potential competition was, therefore, specific, easily identifiable and profitable. (78) In a competitive environment of SiC producers, a period of at most three years is appropriate.

(271) Conclusion on potential competition. In the future, the main sources of potential competition would be from the former Eastern bloc countries and China. The producers in Ukraine are faced with power shortages and restructuring needs. The producers in Russia have had problems with supplies and need technical assistance to implement the Western processes used by producers in Japan. These producers need to increase the quality of processed material, if they want to compete in the EEA market.

(272) Purchasers of SiC for abrasive applications, consulted by the Commission, stated that producers in the former Eastern bloc and China are not able to obtain the level of quality that is necessary for their needs. Furthermore, any attempt to enter the EEA market for processed SiC which is not based on a long-term commitment is likely to fail, since EEA customers consider the reliability of deliveries and product quality to be of greater importance than the product price. This is supported by answers to questions which stated they would not consider using non-European suppliers even if the products were cheaper.

(273) In view of the current problems of producers in the former Eastern bloc and in China, the Commission does not consider it likely that these producers will be able to materialise as potential competitors within the next three years. Indeed, the Commission's investigation showed that the EEA market for SiC is not a priority for these producers. Moreover, the Commission considers that it would be difficult for them to establish effective potential competition to the parties. It is likely that the producers in Russia, Ukraine and China will be able to become potential competitors with the technical assistance and know-how of Western or Japanese companies. Saint-Gobain and Japanese companies already have joint ventures in processing in China, and Saint-Gobain has plans to set up a fusion plant in China.

Conclusion

(274) After the merger, the parties will be by far the largest supplier of SiC for abrasive applications in the EEA. The competitors are all smaller companies with limited resources who would not be able to challenge the parties. Furthermore, there are no potential competitors that would become effective in the EEA within a reasonable period of two to three years. In particular, it cannot be expected that potential competitors in eastern Europe and China will emerge to an extent sufficient to constrain the parties' market power in the EEA. The market for SiC for abrasive applications is characterised by a high degree of product differentiation, with quality, reliability of supply and product range being the main factors. The lack of reliability of supply, particularly from outside the EEA will not be sufficient to constrain the parties' market power. In the case of refractory SiC, the parties have a strong market share in the EEA and the merger will strengthen the market position of the parties. Therefore, the merger will have a dominant position on the market for processed SiC for abrasive applications. In particular, the parties will be in a position to impose a small but significant price increase, since the smaller competitors will not be in a position to challenge the parties, nor will potential competitors the market in the foreseeable future.

(275) Conclusion on the proposed undertaking. In the future, the main sources of potential competition would be from the former Eastern bloc countries and China. The producers in Ukraine are faced with power shortages and restructuring needs. The producers in Russia have had problems with supplies and need technical assistance to implement the Western processes used by producers in Japan. These producers need to increase the quality of processed material, if they want to compete in the EEA market.

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Conclusion

(286) After the merger, the parties will be by far the largest supplier of SiC for abrasive applications in the EEA. The competitors are all smaller companies with limited resources who would not be able to challenge the parties. Furthermore, there are no potential competitors that would become effective in the EEA within a reasonable period of two to three years. In particular, it cannot be expected that potential competitors in eastern Europe and China will emerge to an extent sufficient to constrain the parties' market power in the EEA. The market for SiC for abrasive applications is characterised by a high degree of product differentiation, with quality, reliability of supply and product range being the main factors. The lack of reliability of supply, particularly from outside the EEA will not be sufficient to constrain the parties' market power. In the case of refractory SiC, the parties have a strong market share in the EEA and the merger will strengthen the market position of the parties. Therefore, the merger will have a dominant position on the market for processed SiC for abrasive applications. In particular, the parties will be in a position to impose a small but significant price increase, since the smaller competitors will not be in a position to challenge the parties, nor will potential competitors the market in the foreseeable future.

(287) Conclusion on the proposed undertaking. In the future, the main sources of potential competition would be from the former Eastern bloc countries and China. The producers in Ukraine are faced with power shortages and restructuring needs. The producers in Russia have had problems with supplies and need technical assistance to implement the Western processes used by producers in Japan. These producers need to increase the quality of processed material, if they want to compete in the EEA market.

(288) Purchasers of SiC for abrasive applications, consulted by the Commission, stated that producers in the former Eastern bloc and China are not able to obtain the level of quality that is necessary for their needs. Furthermore, any attempt to enter the EEA market for processed SiC which is not based on a long-term commitment is likely to fail, since EEA customers consider the reliability of deliveries and product quality to be of greater importance than the product price. This is supported by answers to questions which stated they would not consider using non-European suppliers even if the products were cheaper.

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