



## Mergers: Commission clears acquisition of Baker Hughes by General Electric

Brussels, 31 May 2017

**The European Commission has cleared unconditionally under the Merger Regulation the acquisition of Baker Hughes Incorporated by General Electric Company, both of the U.S. The Commission concluded that the transaction would not adversely affect competition in the relevant markets.**

Both companies are active in the provision of oilfield services to oil & gas exploration and production companies in the European Economic Area (EEA) and worldwide. On a number of specific markets the two companies sell competing products. For other markets, GE is a supplier to Baker Hughes and its competitors.

In particular, the Commission investigated the following markets where the products of both companies compete:

- **Onshore electrical submersible pumps** used to pump fluids from the wells to the surface: no concerns were found because of GE's limited position and the presence of a number of alternative competitors on the market.
- **Offshore electrical submersible pumps**: GE is not active and unlikely to enter the in the EEA market since its technology is not suitable to the North Sea environment.
- **Chemicals used in the refining and petrochemicals industry**: the companies' activities are relatively complementary, and the merged entity will still face a number of competitors, including the market leader Nalco.

The investigation also looked at a number of markets where GE supplies Baker Hughes and its competitors:

- **Sensors used in drilling and wireline applications**: the Commission assessed whether GE, which manufactures and sells various types of these sensors, could harm Baker Hughes' competitors by stopping, disturbing or otherwise restricting the supply of such sensors. Ultimately no concerns were identified since alternative suppliers of sensors are present and new entry is also possible.

The Commission found no competition concerns in relation to other markets where both are active - such as inline inspection services and permanent downhole gauges - or in relation to other vertical relationships.

The Commission thus concluded that the proposed transaction would not raise any competition concerns.

### Companies and products

**General Electric** is a global manufacturing, technology and services company that is made up of a number of business units, each with its own divisions. GE's oil and gas business provides manufacturing and technology solutions including subsea and drilling, rotating equipment, imaging and sensing.

**Baker Hughes** is active in the provision of oilfield services on a global scale to oil and gas exploration and production companies, with a focus on the drilling and evaluation of wells as well as on the completion and production of wells.

### Merger control rules and procedures

The transaction was notified to the Commission on 20 April 2017.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine

review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8297](#).

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