

**COMPLETED BY THERMO ELECTRON MANUFACTURING LIMITED OF GV  
INSTRUMENTS LIMITED**

**Statement of issues**

**The reference**

1. Our terms of reference require us to consider the acquisition of GV Instruments Limited (GVI) by Thermo Electron Manufacturing Limited (Thermo). The inquiry group (the Group) is required to determine:
  - whether a relevant merger situation has been created; and
  - if so, whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition within any market or markets in the UK.
2. The issues that the Group is considering are as follows.

**Market definition**

3. The appropriate definition of the markets affected by the merger (the relevant markets), and in particular in relation to supply-side and demand-side substitution:
  - (a) whether:
    - (i) Gas Isotope Ratio Mass Spectrometers (Gas IRMS);
    - (ii) Thermal Ionization Mass Spectrometers (TIMS);
    - (iii) Noble Gas Mass Spectrometers (Noble MS); and
    - (iv) Multicollector Inductively Coupled Plasma-MS (MC-ICP-MS)form distinct markets or whether some or all of them form part of a wider market, and if so the extent of that market or markets;
  - (b) whether peripheral equipment, software and after sales services form part of the product market;
  - (c) the geographic extent of the relevant product market(s) and, in particular, the effect of after sales services on the relevant geographic market(s).

**Counterfactual**

4. What may have been expected to occur in the short to medium term without the merger (the counterfactual), and, in particular whether the GVI business would have:
  - (a) remained an independent and viable business, possibly as a result of restructuring;
  - (b) been purchased by a party other than Thermo; and

- (c) ceased trading, and if so what would have happened to its assets and customer relationships.

## **Assessment of the competitive effects of the merger**

### ***Underlying factors***

- 5. The competitive conditions in the relevant market(s), and in particular:
  - (a) the extent of competition between the merging parties prior to the merger;
  - (b) the importance of alternative suppliers;
  - (c) the key considerations influencing the purchasing behaviour of customers, and in particular the importance of:
    - (i) product specification, quality and other product features;
    - (ii) price;
    - (iii) reliability of supply;
    - (iv) the availability and compatibility of software and peripheral equipment;
    - (v) the availability, quality and cost of after sales support;
  - (d) how prices are determined; and
  - (e) the extent of entry or expansion barriers to the relevant markets.

### ***Competitive effects***

- 6. Against this background, the possible competitive effects of the merger within each of the relevant markets to be identified, and, in particular:
  - (a) whether the merger may be expected to create or increase market power in any relevant market and lead to an increase in prices or a reduction in service for some or all customers or a reduction in innovation;
  - (b) whether the merger is likely to lead to a loss of potential competition;
  - (c) whether there are any efficiencies that could be expected to arise from the merger and the impact on any relevant market;
  - (d) whether, in any of the relevant market(s), any possible lessening of competition might be offset by the buyer power of customers or suppliers; and
  - (e) whether, taking account of all of the above, the proposed merger may be expected to result in a substantial lessening of competition within any market or markets in the UK or a part of the UK.

## **Possible remedies**

7. Should the Group conclude that the anticipated merger may be expected to result in a substantial lessening of competition, it will consider whether and, if so, what remedies might be appropriate, and will issue a further statement at a later date.
8. In any consideration of possible remedies the Group will consider whether any relevant customer benefits might be expected to arise as a result of the merger and, if so, what these benefits are likely to be and which customers would benefit. Customer benefits are benefits to customers at any point in the value chain and are not limited to benefits to end-consumers.