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CHILE CLEARS ELECTROLUX ACQUISITION OF GENERAL ELECTRIC

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Chile's Competition Tribunal has given the go-ahead to the local part of a planned tie-up between Electrolux and General Electric's home appliance business, subject to remedies.

In a statement last Thursday, the Chilean competition authority, the National Economic Prosecutor or FNE, said the tribunal agreed with its decision to conditionally approve Electrolux's acquisition of Controladora Mabe, GE's Chilean distributor.

Swedish-based home appliances company Electrolux sells several of its brands in Chile through a local subsidiary, while GE sells its products in the region through Controladora Mabe, a Mexican home appliances manufacturer and distributor.

GE also owns nearly a 50 per cent stake in Controladora Mabe. The FNE was concerned about the risk of anti-competitive effects following the sale of that interest, which would see Electrolux becoming a key shareholder of its rival.

The authority launched an investigation in September 2014 and identified 15 markets in which Electrolux and Controladora Mabe overlapped – with particular competition concerns for the gas ranges, freezers, dryers and wine cellars markets.

The FNE – and on 17 September, the competition tribunal – granted approval, but imposed several remedies designed to encourage competition between the companies.

These require Electrolux to waive its right to block decisions made by Controladora Mabe's board, to limit the former's control over the latter, and to create a Chinese wall between the two companies to lessen the chance of coordination.

A spokesperson for Electrolux confirmed the merger control proceedings in Chile have been successfully completed, and that the

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company's agreement with the FNE is final. He added that competition enforcers in Brazil, Canada, Colombia and Ecuador have unconditionally cleared the transaction.

US merger control proceedings are ongoing. The US Department of Justice filed a lawsuit to block the deal in July, saying the merger would leave Electrolux and rival home appliance company Whirlpool with a duopoly of non-retail sales in the US.

Electrolux declined to comment on whether the Electrolux/GE deal would be called off if the US successfully blocks the merger. If approved, Electrolux will be the second largest retailer of home appliances in the US.

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