



## FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

# FTC Order Sets Conditions for Panasonic's Acquisition of Sanyo

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Major consumer electronics manufacturers Panasonic Corporation and Sanyo Electric Co., Ltd. have agreed to sell assets related to Sanyo's portable nickel metal hydride (NiMH) battery business, including a premier manufacturing plant in Japan, as part of an agreement with the Federal Trade Commission that will preserve competition and allow the companies to proceed with Panasonic's proposed \$9 billion acquisition of Sanyo. NiMH batteries power two-way radios, among other products, which are used by police and fire departments nationwide.

Under a proposed FTC consent order, the portable NiMH battery assets will be sold to FDK Corporation, a subsidiary of Fujitsu Ltd. The sale of the assets resolves competitive concerns that were raised by the transaction, which combines the world's two largest manufacturers and sellers of these batteries. No competitive concerns were raised by other overlaps between the companies.

"Our nation's police and fire departments rely on portable nickel metal hydride batteries to power the two-way radios that they use every day as part of their public safety missions," said Richard Feinstein, Director of the FTC's Bureau of Competition. "The consent order announced today protects consumers by preserving competition in the market for these critical batteries."

According to the FTC's complaint, Panasonic's acquisition of Sanyo, as originally proposed, would have reduced competition in the worldwide market for portable NiMH batteries. NiMH batteries are one of three types of rechargeable batteries. While each type of battery is used to power electronic devices, portable NiMH batteries comprise their own market, because current consumers of the batteries cannot substitute between them without buying new devices.

The Commission investigation of the Panasonic/Sanyo transaction also included a thorough review of the deal's potential competitive impact in the hybrid electric vehicle (HEV) battery market. Although Panasonic and Sanyo have been the most significant suppliers of the NiMH batteries used in most current-generation HEVs, improvements in Li-ion technology have made Li-ion HEV batteries a superior alternative to NiMH HEV batteries. Besides Panasonic and Sanyo, there are a number of firms already supplying Li-ion HEV batteries to automakers for future HEVs. To the extent that NiMH HEV batteries are used in future HEVs, they will compete directly against Li-ion HEV batteries. In the HEV battery market, the proposed transaction does not raise competitive concerns.

The Commission's proposed consent order is designed to remedy the loss of competition by requiring the companies to divest Sanyo's assets related to the manufacture and sale of portable NiMH batteries to FDK within 15 days of Panasonic's acquisition of Sanyo. This time may be extended 30 days to provide the European Commission time to approve the divestiture.

The order requires Panasonic and Sanyo to divest a major portable NiMH battery manufacturing facility in Takasaki, Japan that produces about 30 percent of all such batteries worldwide. The order also requires Sanyo to supply FDK with certain sizes of portable NiMH batteries that are not produced at the Takasaki plant, but that account for a small part of Sanyo's overall portable NiMH battery sales. Finally, the order requires Sanyo to provide FDK with access to certain Sanyo employees who are needed to successfully run the Takasaki plant, and to transfer all licences, patents, and intellectual property related to its portable NiMH batteries to FDK.

The FTC has appointed an interim monitor in this matter to oversee the divestitures, and the companies must file periodic reports with the Commission until the divestitures are completed. If the portable NiMH battery assets are not fully divested within six months, the FTC may appoint a trustee to complete the divestiture.

### International Cooperation

During the FTC's investigation, staff communicated and cooperated with their enforcement counterparts in Canada, the European Commission (EC), and Japan that also reviewed this proposed transaction. This cooperation was conducted pursuant to the respective bilateral cooperation agreements with

these jurisdictions and, in the case of the EC, the 2002 Best Practices on Cooperation in Merger Investigations.

The Commission vote approving the proposed consent order was 4-0. The order will be subject to public comment for 30 days, until December 24, 2009, after which the Commission will decide whether to make it final. Comments should be sent to: FTC, Office of the Secretary, 600 Pennsylvania Ave., N.W., Washington, DC 20580. To submit a comment electronically, please click on: <https://public.commentworks.com/ftc/0910050>.

**NOTE:** A consent agreement is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$16,000.

**Copies** of the complaint, consent order, and an analysis to aid in public comment can be found on the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, DC 20580. The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to [antitrust@ftc.gov](mailto:antitrust@ftc.gov), or write to the Office of Policy and Coordination, Room 383, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave, N.W., Washington, DC 20580. To learn more about the Bureau of Competition, read "Competition Counts" at <http://www.ftc.gov/competitioncounts>.

(FTC File No. 091-0050)

**PRESS RELEASE REFERENCE:**

[FTC Approves Panasonic's Application to Sell Assets It Uses to Manufacture Portable Sub-C Nickel Metal Hydride Batteries](#)

[FTC Requests Public Comment on Panasonic's Application to Approve Sale of Assets It Uses to Manufacture Portable Sub-C Nickel Metal Hydride Batteries](#)

## Contact Information

**MEDIA CONTACT:**

Mitchell J. Katz  
*Office of Public Affairs*  
202-326-2161

**STAFF CONTACT:**

Brendan McNamara  
*Bureau of Competition*  
202-326-3703



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