



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 14, 1989

AT
202-633-2018
(TDD) 202-786-5731

The Department of Justice today filed a civil antitrust suit against Westinghouse Electric Corp. of Pittsburgh, Pennsylvania, and ABB Asea Brown Boveri, Ltd. (ABB) of Zurich, Switzerland. Concurrent with that filing, the Department also filed a proposed consent decree which would settle the suit. The suit and the proposed consent decree were filed in U.S. District Court in Manhattan, New York.

On January 9, 1989, the Department announced that it had advised the parties of its intention to sue to block the proposed Westinghouse-ABB joint ventures unless their anticompetitive aspects could be remedied.

Both Westinghouse and ABB are major U. S. producers and suppliers of electrical power equipment and services. In 1987 Westinghouse's sales of electric power equipment and services were in excess of \$3 billion. ABB's sales of electric power equipment and services in 1987 were approximately \$1.6 billion. Westinghouse and ABB had proposed to form two partnership joint ventures; one joint venture involves steam turbine generator equipment and service, and the other covers electric power transmission and distribution equipment.

Charles F. Rule, Assistant Attorney General in charge of the Antitrust Division, said the suit alleged that the proposed joint

(MORE)

ventures would violate Section 7 of the Clayton Act because they would substantially lessen competition in the U. S. markets for power transformers, converter transformers, steam turbine generator equipment and steam turbine generator service. Section 7 prohibits anticompetitive mergers.

When the proposed consent decree is approved by the Court, it would terminate the suit, and, in effect, resolve government antitrust objections to the proposed partnerships.

With respect to power transformers, the proposed consent decree requires ABB to divest its Waukesha, Wisconsin, transformer plant and related assets to a purchaser who would operate the plant and assets as a viable and ongoing business that would compete in the U. S. power transformer market. Also, Westinghouse would be required to abrogate restraints on the manufacture and sale of power transformers by General Electric Company which arose out of General Electric's sale of power transformer assets to Westinghouse in 1986.

Regarding converter transformers, the proposed decree requires Westinghouse to sell, to an eligible purchaser, the technology and intellectual property used in the design or manufacture of converter transformers or smoothing reactors.

Finally, the decree would enjoin Westinghouse and ABB, for a ten-year period, from any merger, acquisition, joint venture or similar transaction that would combine their steam turbine

(MORE)

generator equipment or steam turbine generator service businesses.

In accordance with the Antitrust Procedures and Penalties Act of 1974, a competitive impact statement regarding the proposed decree has been filed with the Court. Copies of this statement and the proposed decree are available for inspection in the Legal Procedures Unit of the Antitrust Division, Room 3233, U.S. Department of Justice, Washington, D.C. 20530. They are also filed with and are available for inspection at the office of the Clerk of the Court for the U. S. District Court for the Southern District of New York, U.S. Courthouse, 40 Centre Street, New York, New York 10007.

Comments to the Department of Justice and the Court regarding this decree are invited from members of the public. Comments should be addressed to: Ralph T. Giordano, Chief, New York Field Office, Antitrust Division, U.S. Department of Justice, Room 3630, 26 Federal Plaza, New York, New York 10278-0096. Comments must be received within the 60-day statutory period.

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