

United Technologies/Rockwell Collins: SAMR Staff Recommends Clearance With Fix; SAMR Vice Minister Now Considering Deal's Fate

SAMR Update

Staff at China's antitrust authority has urged United Technologies' (UTX) planned \$23 billion buyout of Rockwell Collins (COL) be approved with a fix, submitting its recommendation to senior leadership for review, sources familiar with the matter said.

The recommendation was filed in the past few days with Vice Minister Gan Lin, who oversees antitrust work at the State Administration for Market Regulation (SAMR), the sources said.

If Gan agrees with the staff's recommendation, clearance with conditions for the aircraft equipment makers' merger could be imminent. A ministerial clearance usually takes one to two weeks, local sources said.

A senior leadership review still ongoing more than two weeks after the staff has submitted its recommendation often indicates serious concerns at higher levels of the authority in the Chinese government.

SAMR was waiting for the U.S. Department of Justice to decide on the transaction before proceeding, UTC CEO Gregory Hayes said September 14.

DOJ cleared the deal with conditions on October 1, and with each passing day, speculation has increased that rising trade and political tensions between the U.S. and China would factor into SAMR's decision.

The Chinese antitrust agency's failure in July to approve San Diego-based Qualcomm's bid for Dutch computer chip maker NXP was widely-viewed as linked to U.S.-China trade tensions.

But United Technologies and Rockwell Collins have resolved major industry participants' reservations with their transaction—a step Qualcomm and NXP never achieved with the Chinese chip makers, sources said.

To address SAMR concerns, United Technologies and Rockwell Collins have proposed a host of structural and behavioral commitments, agreeing to maintain current sales practices and to continue to supply its products to Chinese customers.

The merging parties pledged to [divest](#) three Rockwell Collins businesses: trimmable horizontal stabilizer actuators, which helps control a plane's movement; pilot control systems; and an aircraft ice-protection system, as well as United Technologies' aircraft oxygen supply assets.