

Mergers: Commission approves acquisition of Magnesita Refratários by RHI, subject to conditions

RHI and Magnesita are both manufacturers of **refractory products**. These are non-metallic materials that are able to withstand very high temperatures and corrosive or chemically aggressive environments. They are used, for instance, as heat buffers or linings in kilns, furnaces and ovens in the manufacturing processes for steel, cement, glass and other non-ferrous metals.

The Commission's investigation focused on the market for basic refractory products such as dolomite-based and magnesite-based refractories, whose largest customers are steel manufacturers. The Commission found that refractory products have different properties and applications, and can be distinguished according to shape (shaped or unshaped), main component (dolomite- or magnesite-based) and thermal treatment (fired or unfired).

The Commission was concerned that the acquisition would reduce competition, with possible price increases for **shaped and unshaped dolomite-based refractory products**. The Commission also raised competition concerns for **shaped unfired magnesite-based refractories**.

The proposed remedies

To address these competition concerns, RHI offered to divest the following activities:

- All of Magnesita's activities for unfired magnesite-based refractory products in the European Economic Area (EEA)
- All of RHI's dolomite activities in the EEA.

These assets will have to be divested as a package to one purchaser to be approved by the Commission. The divestitures also include the main sources of raw materials necessary for the manufacturing of the final products. Specifically, the remedies provide for the divestiture of RHI's dolomite mine in Italy, as well as a long-term agreement allowing the buyer of the divested businesses to access critical raw materials from a Magnesita-owned mine in Brazil.

These commitments fully remove the overlap between RHI and Magnesita in the markets where the Commission had identified competition concerns.

The Commission therefore concluded that the proposed transaction, as modified by the commitments, would no longer raise competition concerns in the EEA. The decision is conditional upon full compliance with the commitments.

Companies and products

RHI, based in Austria, is a global supplier of refractory products, systems

and services. It is active on all steps along the refractory value chain, from mining of raw materials to the removal and recycling of consumed refractory products.

Magnesita Refratários, based in Brazil, is active in mining, production and marketing of refractory materials and services. Magnesita operates in various locations around the world, including Europe.

Merger control rules and procedures

The transaction was notified to the Commission on 5 May 2017.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II). This deadline is extended to 35 working days in cases where remedies are submitted by the parties, such as in this case.

More information will be available on the Commission's [competition](#) website, in the Commission's [public case register](#) under the case number [M.8286](#).