

# Mergers: Commission opens in-depth investigation into proposed acquisition of Ilva by ArcelorMittal

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Steel is a crucial input for many goods we use in our everyday life, and industries dependent on steel employ over 30 million people in Europe. Those European industries need access to steel at competitive prices to compete in global markets. This is why we will carefully investigate the impact of ArcelorMittal's plans to buy Ilva on effective competition in steel markets".*

ArcelorMittal is the leading producer of flat carbon steel, both worldwide and in Europe, with a wide production network within the European Economic Area (EEA). Ilva is a significant producer of flat carbon steel with major production assets in Italy. With the transaction, ArcelorMittal would notably increase its market leadership through the acquisition of Ilva's steel plant in Taranto, Italy, which is Europe's largest single-site integrated plant.

## **The Commission's preliminary competition concerns**

The Commission's initial market investigation raised several issues relating in particular to the combination of ArcelorMittal's and Ilva's offering of a number of flat carbon steel products, namely hot rolled, cold rolled and galvanised flat carbon steel products.

At this stage, the Commission is concerned that, following the transaction, customers would face higher prices, particularly in Southern Europe, for these important inputs. These customers include numerous companies, many of which are small and medium-size enterprises (SMEs). They are active in sectors ranging from construction to car manufacturing, household appliances, tubes and many more. Many of those industries compete with imported products in the EEA, or export their products outside Europe and compete globally.

The Commission will also further investigate whether the transaction could have an effect on the supply and prices of certain other products, such as metallic coated steel for packaging.

The transaction was notified to the Commission on 21 September 2017. On 19 October 2017, ArcelorMittal submitted commitments to address some of the Commission's preliminary concerns. However, the Commission considered these commitments insufficient to clearly dismiss its serious doubts as to the transaction's compatibility with the EU Merger Regulation. The Commission therefore has not tested them with market participants.

The Commission now has 90 working days, until 23 March 2018, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Separate to the review of the proposed acquisition under the EU Merger Regulation, the Commission [continues to investigate whether](#) certain Italian state support measures for Ilva are in line with EU State aid rules.

### **Companies and products**

**ArcelorMittal**, headquartered in Luxembourg, mainly manufactures and sells flat carbon steel. It operates a wide production site network throughout Europe and is part of the global ArcelorMittal group.

**Ilva**, headquartered in Italy, manufactures and sells flat carbon steel. Its production facilities are located in Italy, the main site being the integrated steelworks in Taranto, Southern Italy.

### **Merger control rules and procedures**

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 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

In addition to the current transaction, there are four on-going Phase II merger investigations: the [proposed merger of Essilor and Luxottica](#), the [proposed acquisition of Monsanto by Bayer](#), the [proposed creation of a joint venture by Celanese and Blackstone](#), and the [proposed acquisition of NXP by Qualcomm](#).

More information will be available on the [competition website](#), in the Commission's [public case register](#) under the case number [M.8444](#).