

# Mergers: Commission opens in-depth investigation into new joint venture proposed by steel suppliers Tata Steel and ThyssenKrupp

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Steel is a crucial input for many of the goods we use in our everyday life, and competitive steel prices are vital for the European economy. Industries dependent on steel employ over 30 million people in Europe and we must be able to compete in global markets. This is why we will carefully investigate the impact of the planned combination of Tata Steel’s and ThyssenKrupp’s steel businesses on effective competition in the steel markets.”*

Tata Steel and ThyssenKrupp are major integrated producers of flat carbon steel and electrical steel with significant production facilities in the European Economic Area (EEA), in particular in Germany, the Netherlands and the UK. With the transaction, Tata Steel and ThyssenKrupp would combine their European carbon steel and electrical steel businesses in a joint venture.

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

The Commission’s initial market investigation raised several issues relating in particular to combining both companies’ offer of certain specialty flat carbon steel and electrical steel products, namely:

- **steel for automotive applications**, which concerns various types of steel, predominantly galvanised, that are used to produce cars and car parts;
- **metallic coated steel for packaging**, which is used to produce various packaging solutions, such as food and aerosol cans; and
- **grain oriented electrical steel**, which is used to produce a variety of engineering products such as transformers.

At this stage, the Commission is concerned that, following the transaction, customers would face a reduced choice in suppliers, as well as higher prices. These customers include various European companies, ranging from major corporations to numerous small and medium-size enterprises (SMEs). Many compete with imported products in the EEA, or export their products outside Europe and compete globally.

The Commission will now carry out an in-depth investigation into the effects of this transaction to determine whether its preliminary competition concerns are confirmed.

The transaction was notified to the Commission on 25 September 2018. Tata Steel and ThyssenKrupp have decided not to submit commitments during the initial investigation to address the Commission’s preliminary concerns. The

Commission now has 90 working days, until 19 March 2019, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

### **Companies and products**

**Tata Steel**, headquartered in India, is a diversified steel producer with global operations throughout the carbon steel and electrical steel value chains. Tata Steel has several production locations in the EEA, with its main production hubs in the UK (Port Talbot) and in the Netherlands (IJmuiden).

**ThyssenKrupp**, headquartered in Germany, is a diversified industrial group active in various sectors of the economy, including in the manufacture and supply of flat carbon steel and electrical steel products. Its main flat carbon steel and electrical steel production hubs are located in Germany.

### **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 a total of 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 six ongoing Phase II merger investigations: [the proposed acquisition of Gemalto by Thales](#), the proposed acquisition of [Alstom by Siemens](#), the proposed acquisition of [Solvay's nylon business by BASF](#), the proposed acquisition of [Tele2 NL by T-Mobile NL](#), the proposed acquisition of [MKM by KME](#), and the proposed acquisition of [Aurubis Rolled Products by Schwermetall](#).

More information will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8713](#).