

Mergers: Commission opens in-depth investigation into proposed acquisition of Cristal by Tronox

Commissioner Margrethe **Vestager**, responsible for competition policy, said: *“Titanium dioxide is used in everyday products, including paints, plastics and paper, and many different manufacturers need to buy it from a small number of suppliers. We will carefully assess whether the proposed merger between Cristal and Tronox would affect competition in the titanium dioxide market and ultimately lead to higher prices for many everyday products, or less choice for consumers.”*

Tronox and Cristal are both active in manufacturing titanium dioxide pigment. They also own titanium feedstock facilities, from which they source the raw material for their pigment production. Titanium dioxide is a white pigment used in numerous products, such as paints, paper and plastics. It is used to add opacity and brightness, and to ensure consistency of colour.

The proposed merger would create the largest supplier of chloride-based titanium dioxide in the European Economic Area (EEA) and globally.

The Commission’s preliminary competition concerns

The Commission’s initial market investigation raised several issues relating in particular to a reduction in the number of suppliers of titanium dioxide pigment produced via the chloride-based process. The market is already concentrated and Tronox and Cristal are close competitors. The Commission is concerned that the transaction could lead to less choice for customers and potentially to higher prices for the products concerned.

Different types of titanium dioxide pigment are suitable for use in different products. For some of them, such as paints for buildings and specific types of plastics and paper, the number of suppliers of titanium dioxide is particularly limited. In some of these markets, the Commission is concerned that the acquisition would reduce the number of effective competitors from four to three.

The Commission will now carry out an in-depth investigation into the effects of this transaction to further explore its initial concerns.

The transaction was notified to the Commission on 15 November 2017. The Commission now has 90 working days, until 15 May 2018, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Companies and products

Tronox, registered in Australia and headquartered in the US, is active in mining and in the production of minerals and chemicals, including titanium

dioxide. It owns mines in Australia and South Africa, and operates production sites in Europe, the US and Australia.

Cristal (The National Titanium Dioxide Company Ltd.) is headquartered in Saudi Arabia and is part of the Tasnee industrial company. Cristal is active in mining and in the production of titanium dioxide and other titanium chemicals. It owns mines in Australia and Brazil, and operates production sites in Europe, the US, China, Brazil and Saudi Arabia.

Merger control rules and procedures

The Commission has the duty to assess mergers and acquisitions that have been referred to it by EU Member States (see Article 4(5) 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 five ongoing Phase II merger investigations: the proposed acquisition of [Ilva by ArcelorMittal](#), 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.8451](#).