

Mergers: Commission opens in-depth investigation into proposed merger between Praxair and Linde

Commissioner Margrethe **Vestager**, responsible for competition policy, said: *“Gases – like oxygen and helium – are crucial inputs for a large variety of products we use every day. Manufacturers need to buy these gases from a small number of suppliers. We will carefully assess whether the proposed merger between Praxair and Linde would lead to higher prices or less choice for European consumers and businesses.”*

Praxair and Linde are two of the four largest companies active worldwide across the whole supply chains of industrial, medical and speciality gases. For example, they both supply carbon dioxide, which is widely used in the carbonated drinks industry and oxygen, which has a wide variety of uses from steel production to medical oxygen in hospitals and patient homes. They also supply helium, a gas that is necessary for the proper functioning of Magnetic resonance imaging (MRI) scanners.

The transaction would reduce the number of major players active worldwide and in Europe for the supply of these and many other gases to just three. Other players in the market only have regional, national or local presence and lack the technical and financial capabilities to compete on an equal footing.

In addition, there is no indication that competition could be fostered by new entrants, due to the very high investment necessary to establish a meaningful position in the market.

The Commission’s preliminary competition concerns

At this stage, the Commission is concerned that the proposed transaction would reduce the competitive pressure in markets covering a significant part of the activities of Praxair and Linde. In particular, the Commission is concerned that there is a risk of price increases due to the increased market power of the merged entity, or the increased likelihood of coordination between the remaining players in the markets.

In particular, the Commission’s initial market investigation raised competition concerns for the supply of industrial gases, medical gases (and related services), speciality gases, as well as the supply of helium.

The market investigation confirmed that only the four main players have the engineering capabilities necessary to bid for the largest tonnage projects (i.e. the construction of dedicated gas production units on customer manufacturing sites). It also confirmed that only they have the necessary access to sources of helium worldwide to be competitive. Customers fear that the reduction of the major players from four to three would significantly deteriorate their ability to obtain critical inputs and products at

competitive prices.

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 12 January 2018. The Parties have decided not to submit commitments to address the Commission's preliminary concerns. The Commission now has 90 working days, until 4 July 2018, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Companies and products

Linde, headquartered in Germany, is active worldwide in the supply of industrial gases, medical gases, speciality gases and related services, including engineering.

Praxair, headquartered in the United States, is active in the supply of industrial gases, medical gases, speciality gases and related services, as well as surface-coating technologies. It has operations in North and South America, Asia and Europe.

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 European Economic Area 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 5 ongoing Phase II merger investigations: the [proposed acquisition of Cristal by Tronox](#), the proposed acquisition of [Ilva by ArcelorMittal](#), the [proposed merger of Essilor and Luxottica](#), the [proposed acquisition of Monsanto by Bayer](#), and the [proposed creation of a joint venture by Celanese and Blackstone](#).

More information will be available on the [competition](#) website, in the Commission's [public case register](#) under the case number [M.8480](#).