

Mergers: Commission opens in-depth investigation into proposed merger of Celanese's and Blackstone's acetate tow activities

The proposed joint venture would combine the acetate flake and tow activities of Celanese with Blackstone's recently acquired portfolio company Acetow, which is active in the same areas. The joint venture would be a new market leader in the already highly concentrated acetate tow market.

Acetate flake is a chemical derivative of wood pulp that is mainly used in the manufacture of acetate tow. Acetate tow is a fibrous material made from acetate flake and is used to manufacture cigarette filters.

The Commission's preliminary concerns

The Commission has preliminary concerns that the proposed transaction could reduce competition in the acetate tow market.

Celanese and Blackstone's Acetow are, respectively, the second and third largest manufacturers of acetate tow at global level excluding China. The merged entity would become the new market leader with the risk of significantly reducing competition in the industry.

After its initial investigation, the Commission considers that Eastman and Daicel, the only two remaining major competitors, would not exert sufficient competitive pressure on the merged entity. Moreover, the industry is characterised by high barriers to entry.

Finally, the Commission has preliminary concerns that the proposed transaction would make tacit coordination between tow suppliers more likely.

The transaction was notified to the Commission on 12 September 2017. The Commission now has 90 working days, until 5 March 2018, to take a decision. The opening of an in-depth inquiry does not prejudice the final result of the investigation.

Companies and products

Celanese Corporation is a US incorporated technology and specialty materials company listed on the New York Stock Exchange. It operates mainly in North America, Europe and Asia. Celanese's business segment relevant to the proposed transaction concerns the manufacture and supply of acetate flake and acetate tow used to manufacture cigarette filters.

Blackstone Group L.P. is a global asset manager. It is headquartered in the US and is listed on the New York Stock Exchange. Blackstone acquired Acetow from Solvay in December 2016. Acetow is active in the manufacture and supply

of acetate flake and acetate tow used to manufacture cigarette filters.

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 three on-going phase II merger investigations: the [proposed acquisition of NXP by Qualcomm](#), the [proposed acquisition of Monsanto by Bayer](#) and the [proposed merger between Essilor and Luxottica](#).

More information will be available on the competition [website](#), in the Commission's public [case register](#) under the case number [M.8547](#).