



Mergers: Commission clears acquisition of certain INEOS chlorovinyls businesses by ICIG and approves ICIG as buyer of divested assets linked to approval of INEOS / Solvay joint venture

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The European Commission has approved under the EU Merger Regulation the proposed acquisition of a group of chlorovinyls businesses belonging to the chemical group INEOS by International Chemical Investors Group ("ICIG"). In parallel with today's clearance decision, the Commission has also approved ICIG as suitable purchaser for the divestitures offered by INEOS and Solvay to obtain the clearance of their joint venture in the S-PVC market.

The INEOS' chlorovinyls businesses to be acquired by ICIG include the production and supply of suspension polyvinyl chloride ("S-PVC"), sodium hypochlorite ("bleach"), potassium hydroxide ("KOH") and other related products. The transaction includes the production facilities owned and operated by INEOS in Belgium, France, Germany, the Netherlands and the UK, which INEOS committed to divest in order to obtain [the Commission's clearance of the joint venture between INEOS and Solvay of Belgium](#) ("INOVYN").

The companies' activities mainly overlap in the production of KOH, which is used for the manufacturing of de-icing liquids, soaps, biodiesel and fertilisers. The Commission concluded that the transaction would lead to less concentration in the market for KOH as a result of the transfer of part of the KOH business previously operated by INEOS, the market leader, to an independent competitor, ICIG. Moreover, a number of other players would remain active in the market.

The Commission has therefore cleared the proposed transaction under merger control rules.

Background

In May 2014, the Commission approved the clearance of INOVYN subject to conditions. The Commission had concerns that the transaction would remove INEOS' strongest competitor, Solvay, in the commodity S-PVC market in North-West Europe. As a result, the merged entity would have faced insufficient competition from the remaining much smaller players and would have been able to raise prices.

Additionally, for the market for bleach in Belgium, Netherlands and Luxembourg, the transaction would have created a market leader with a market share above 60%, with none of the remaining players able to sufficiently constrain the merged entity to avoid price increases for customers.

In order to address the Commission's concerns, INEOS and Solvay offered to divest the following INEOS assets before implementing the joint venture:

- the S-PVC plants at Mazingarbe (France), Wilhelmshaven (Germany) and Beek Geleen (the Netherlands);
- the membrane electrolysis cellroom, the EDC/VCM (Ethylene-DiChloride/Vinyl Chloride Monomer) plant and related production assets (including sodium hypochlorite production assets) at Tessenderlo (Belgium);
- the VCM plant at Wilhelmshaven (Germany); and
- the chlorine cell room and the EDC plant located at INEOS' chemical site at Runcorn (United Kingdom).

The Commission cleared the transaction subject to the divestment of the assets identified as remedies within an initial deadline which would have expired on 8 November 2014. This deadline has been subsequently extended in view of the complexity of the divestiture and on the basis of the up-front buyer clause included in the commitments. This clause entails that the transaction cannot be closed before a suitable buyer for these assets is proposed by the parties and approved by the Commission. The Commission made sure that that competition was not harmed in the interim period pending the divestiture.

In the course of the divestment process, INEOS and Solvay proposed ICIG as their preferred purchaser for the INEOS remedy assets. After the Commission raised preliminary concerns related to certain

conditions of the proposed transfer, a number of modifications and additions were subsequently included in this proposal, among which the addition to the business being transferred of a portion of INEOS' KOH business at Tessenderlo. As part of the transaction, ICIG will supply INOVYN under a toll manufacturing arrangement for the proportion of the KOH business that INOVYN would retain. Under toll manufacturing arrangements companies can devote their spare capacity to produce for other companies.

ICIG's acquisition of these assets was notified to the Commission on 29 April 2015 following a referral request by the parties.

Companies

ICIG, of Luxembourg, is an industrial holding active worldwide in agrochemicals, fine chemicals, basic chemicals, performance chemicals, finished dose pharmaceuticals and active pharmaceutical ingredients.

INEOS, of Switzerland, is the parent of a group of companies which are active in the manufacture of petrochemicals, specialty chemicals and oil products.

Solvay, of Belgium, is the parent of a group of companies which are internationally active in the research, development, production, marketing and sale of chemicals and plastics

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

More information will be available on the Commission's competition website, in the [public case register](#) under the [case number 7584](#).

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