



Mergers: Commission opens in-depth investigation into Hydro's proposed acquisition of Alumetal

Brussels, 6 October 2022

The European Commission has opened an in-depth investigation to assess the proposed acquisition of Alumetal by Norsk Hydro under the EU Merger Regulation. The Commission is concerned that the proposed acquisition may reduce competition in the production and supply of aluminium foundry alloys and master alloys in the European Economic Area ('EEA').

Commissioner Margrethe **Vestager**, in charge of competition policy, said: "*Access to competitively priced green aluminium products is essential to achieve our objectives of fighting climate change. Our in-depth investigation aims to ensure that the acquisition of Alumetal by Norsk Hydro does not have a negative impact on the competitive landscape for certain aluminium markets and in particular green aluminium products for European automotive customers.*"

Norsk Hydro and **Alumetal** are both producers of aluminium foundry alloys, which are semi-finished aluminium products used mainly by the automotive industry to cast auto parts. Alumetal makes these from recycled material. Alumetal also produces aluminium master alloys used to produce casthouse products such as aluminium foundry alloys. The Commission has preliminary concerns that, by acquiring Alumetal, Norsk Hydro may reinforce its leading position as a supplier of aluminium foundry alloys, and may eliminate a growing competitor able to bring cheaper and advanced recycled aluminium products to the market.

The Commission's competition concerns

The Commission's initial market investigation raised concerns relating to the parties' strong market position in the supply of **aluminium foundry alloys and aluminium master alloys**, in particular in certain segments.

At this stage, the Commission is concerned that the transaction may lead to **reduced choice and higher prices** for foundry alloys and aluminium master alloys. In particular, the Commission is concerned that:

- i. By acquiring Alumetal, Norsk Hydro would **eliminate one of the most sizable and capable EEA-based competitors**. Alumetal is an important competitive force with strong growth potential for the supply of advanced foundry alloys made from recycled aluminium, which are used to produce vehicles that are more fuel-efficient and therefore can reduce emissions. Access to recycled aluminium at competitive prices is essential for European automotive players to meet their climate targets.
- ii. Following the combination of Alumetal's production of master alloys upstream and Hydro's production of casthouse products, there would be **limited or no credible alternative master alloy suppliers** remaining.

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

The proposed transaction was notified to the Commission on 1 September 2022. Norsk Hydro and Alumetal decided not to submit commitments during the initial investigation to address the Commission's preliminary concerns. The Commission now has 90 working days, until 22 February 2023, to adopt a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Companies and products

Norsk Hydro is a Norwegian aluminium company with activities throughout the aluminium value chain from bauxite and alumina production to energy generation and aluminium recycling.

Alumetal is a Polish producer of aluminium foundry alloys and aluminium master alloys with plants located in Poland (Kety, Gorzyce and Nowa Sol) and Hungary (Komarom).

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 present transaction, there are currently three other on-going phase II merger investigations: (i) the [proposed acquisition of Pfleiderer Polska by Kronospan](#); (ii) the [proposed acquisition of OMV Slovenija by MOL](#); and (iii) the [proposed acquisition of VOO and Brut  l   by Orange](#).

More information will be available on the Commission's [competition website](#), in the public [case register](#) under the case number [M.10658](#).

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