ACQUISITIONS (BUILDING MATERIALS): THE HANIEL CASE

Subject: Acquisitions

Industry: Building materials

Oarties: Haniel Group
Ytong Holding AG

Source: Commission Statement IP/02/530, dated 9 April 2002

(Note. Here is another case in which the responsibility for dealing with anti-trust concerns falls both to the Commission and to the authorities of a Member State. The Commission's case is cleared – on certain conditions. The German Cartel Office's case continues.)

The Commission has cleared the proposed acquisition by the Haniel Group of Ytong Holding AG, two German companies active in the building materials sector. The Commission, in examining the deal's impact in the Dutch market for wall building materials, found that, subject to the sale of Ytong's business in the Netherlands to another company, as proposed by Haniel, no competition concerns would arise. The acquisition is still being reviewed by the German competition authority so far as the German market is concerned. Haniel is a German-based conglomerate group active in the building materials sector. The company makes wall-building materials such as sand-lime products and cellular concrete products. Indirectly, it also owns a 50% stake in CVK, the co-operative of Dutch sand-lime producers. Ytong mainly produces cellular concrete, another wall building material. Haniel is buying control of Ytong from the UK-based Readymix Group.

In the Netherlands, Haniel's activities in the building materials sector consist in its indirect 50% stake in CVK, a co-operative comprising all existing production facilities of sand-lime products in that country. The other 50% of CVK are indirectly owned by Cementbouw, a Dutch building materials group. The Commission's investigation of the Dutch market revealed that Haniel, through CVK, already held a dominant position in the market for wall building materials for load-bearing walls, with a market share greater than 50%. The Commission found that the acquisition of Ytong would strengthen CVK's dominance in that market. Haniel, being already, through CVK, the only supplier of sand-lime products, the wall building materials most demanded by construction companies in the Netherlands, would, by acquiring Ytong, also become the leading supplier of cellular concrete. Therefore, building materials traders and construction companies likewise would to an even greater degree depend on the products offered by Haniel, thereby giving Haniel additional power to raise prices above competitive level to the detriment of its customers. To meet the Commission's competition concerns, Haniel undertook to sell Ytong's Dutch subsidiary to an independent company. Two other cases involving Haniel are outstanding. ■