



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Mergers: Commission approves joint venture between Hydro and Sapa, the two largest soft alloy extruders in the EEA, subject to conditions**

The European Commission has cleared under the EU Merger Regulation the proposed creation of a joint venture between Norsk Hydro ASA and Orkla ASA's wholly-owned subsidiary Sapa Holding AB, both Norwegian companies active in the soft-alloy aluminium extrusions market. The joint venture will be the world's leading aluminium extrusions provider, with around €6 billion in annual revenues. The clearance is conditional on the divestment of Sapa's multiport extrusions (MPE) business in the Netherlands and Hydro's largest soft-alloy extrusions plant in Norway.

Commission Vice President in charge of competition policy Joaquín Almunia stated: *"This case shows again that European merger control is able to both, protect customers from price rises fuelled by undue market power through effective remedies, and allow companies to combine their forces to become industry leaders at the global level."*

The market investigation showed that for MPEs and soft-alloy extrusions the transaction, as initially notified, risked to significantly reduce competition in the European Economic Area (EEA) and in the Nordic Region (Norway and Sweden).

For MPEs, these concerns were based on the very large combined market shares of the merged entity, the absence of fully substitutable replacement products and the presence of only two other alternative suppliers in the EEA. As a result, customers raised concerns about a possible increase in prices for MPEs in the EEA.

For the soft-alloy extrusion market, the market investigation revealed that customers in the Nordic Region have limited possibilities to switch suppliers due to the presence of few alternative producers, higher transport costs compared to the rest of the EEA and relatively low imports from other parts of the EEA.

In order to remove those concerns, the parties offered to divest Sapa's entire MPE business in the EEA and Hydro's largest soft-alloy extrusion plant in Norway. These divestments remove the overlap for MPEs in the EEA and most of the overlap for soft-alloy extrusions in the Nordic region. The Commission therefore concluded that the transaction, as modified by these commitments, would not raise competition concerns anymore.

The Commission also found that the transaction did not lead to competitive concerns as regards aluminium building systems and welded aluminium precision tubes.

The transaction was notified to the Commission on 18 March 2013.

## **Companies and products**

Hydro is a global supplier of aluminium with activities throughout the value chain, including the production and sale of primary aluminium, soft-alloy extrusions, building systems and flat-rolled products. Sapa is a wholly owned subsidiary of Orkla, a Norwegian company, with international operations, acting in the aluminium, hydro power and financial investment sector.

## **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).

More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.6756](#)

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