

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: LM140Dec24

In the matter between:

ADNOC International Germany Holdings AG

Primary Acquiring Firm

and

Covestro AG

Primary Target Firms

Panel:	I. Valodia (Presiding Member) G. Budlender (Tribunal Member) A. Ndoni(Tribunal Member)
Heard on:	14 March 2025
Order issued on:	14 March 2025
Reasons issued on:	31 March 2025

REASONS FOR DECISION

Approval

1. On 14 March 2025, the Competition Tribunal ("Tribunal") unconditionally approved a large merger in which ADNOC International Germany Holding AG ("ADNOC") intends to acquire 100% of the issued share capital of Covestro AG ("Covestro"). Following the proposed transaction, ADNOC will exercise sole control over Covestro.
2. The primary acquiring firm, ADNOC, is incorporated in Germany and controlled by Abu Dhabi National Oil Company ("ADNOC P.J.S.C"), which is ultimately controlled by the government of the Emirate of Abu Dhabi. In South Africa, ADNOC P.J.S.C controls Trade Ocean Ships Agency (Pty) Ltd, Ocean Gate Holdings (Pty) Ltd, Borealis Chemicals ZA (Pty) Ltd, and Integr8 Fuels South Africa (Pty) Ltd. ADNOC and all entities it controls, as well as any entities that control ADNOC and those they control, are collectively referred to as the "Acquiring Group". The Acquiring Group operates in the energy and petrochemicals sector, covering the entire hydrocarbon value chain through a network of fully integrated businesses. In South Africa, its activities are limited to supplying products such as sulphur, gas oil, gasoline, jet fuel, ammonia and polyolefins, specifically polyethylene ("PE") and polypropylene ("PP").
3. The primary target firm, Covestro, is incorporated in Germany and listed on the Frankfurt Stock Exchange. Covestro and the firms it controls will be referred to as the Target Firm. The Target Firm manufactures base chemicals and supplies

polyurethane, polycarbonate, and polyester-based chemicals in South Africa through third-party distributors, with no local presence or employees.

4. The merging parties contend that their chemicals are distinct due to their differing chemical bases. After assessing the market and consulting competitors of the merging parties, the Commission determined that the merger does not create any horizontal overlaps in South Africa. The Commission found no vertical overlaps in the chemical value chain, as the Acquiring Group's PP and PE chemicals are not essential inputs for the Target Firm's production of polyurethane, polycarbonate, and polyester-based chemicals, and vice versa. Therefore, the Commission concluded that the merger is unlikely to lead to any foreclosure effects in South Africa.
5. The transaction will not negatively affect employment in South Africa. The Target Firm has [REDACTED] employees based in South Africa, who are employed through the South African branch of Covestro (Slovakia) Services s.r.o, whilst the Acquiring Group has limited employees in its South African subsidiaries, and the merger parties submit that they do not have operational control over these entities.
6. The Commission noted that the merger does not promote a greater spread of ownership, as neither the Acquiring Group nor the Target Firm has HDP ownership. The merging parties argued that the Competition Act 89 of 1998 does not impose such an obligation, and the Target Firm has no subsidiaries, employees, or structural changes in South Africa. They submit that the transaction will positively impact public interest by strengthening chemical product activities worldwide, including in South Africa. Citing cases such as *ADNOC PJSC and Navig8 Topco Holdings Inc*¹, *ADNOC PJSC and OMV Aktiengesellschaft*² and *Bunge Global SA Ltd and Viterra Ltd*³, where no conditions were imposed due to limited presence in South Africa, the Commission concluded that no further interventions were required. No further issues arose from this.
7. We are satisfied that the proposed merger is unlikely to lead to a substantial prevention or lessening of competition in any relevant market and the proposed merger does not raise any public interest concerns.
8. In the circumstances, we unconditionally approve the proposed merger.

Signed by: Imraan Valodia
Signed at: 2025-04-23 12:42:26 +02:00
Reason: Witnessing Imraan Valodia

Imraan Valodia

Presiding Member
Prof. Imraan Valodia

31 March 2025

Date

Concurring: Geoff Budlender SC and Ms Andiswa Ndoni

Tribunal Case Manager:
For the Merging Parties:
For the Commission:

Moleboheng Mhlati
Xolani Nyali, Sivuyise Lutshiti and Lital Avivi of Bowmans
Makati Seekane and Wiri Gumbie

¹Abu Dhabi Marine Business and Services Company PJSC and Navig8 Topco Holdings Inc. Case No. LM085Aug24

²Abu Dhabi National Oil Company (ADNOC) P.J.S.C And OMV Aktiengesellschaft Case No. LM030Jun23

³Bunge Global SA Ltd And Viterra Ltd Case No. LM139Dec23