C/2025/4547

12.8.2025

Summary notice concerning the initiation of an in-depth investigation in case FS.100156 – ABU DHABI NATIONAL OIL COMPANY (ADNOC) P.J.S.C. / COVESTRO pursuant to Article 10(3)(d) of Regulation (EU) 2022/2560

(C/2025/4547)

On 28 July 2025, in accordance with Article 10(3) of Regulation (EU) 2022/2560 of the European Parliament and of the Council [1] (the 'FSR'), the Commission decided to initiate an in-depth investigation in the above-mentioned case after finding, based on a preliminary review, sufficient indications that at least one of the parties to the notified concentration described below may have been granted a foreign subsidy that distorts the internal market. The initiation of the in-depth investigation with regard to the notified concentration is without prejudice to the final decision in this case.

1. Notified concentration

On 15 May 2025, the Commission received a notification of a proposed concentration pursuant to Article 21 FSR, by which Abu Dhabi National Oil Company (ADNOC) P.J.S.C. (United Arab Emirates or 'UAE') ('ADNOC' or the 'Notifying Party') acquires, within the meaning of Article 20(1), point (b), FSR, sole control of Covestro AG ('Covestro' or the 'Target' and, together with the Notifying Party, the 'Parties').

The business activities of the parties to the notified concentration are as follows:

— ADNOC is a State-controlled oil and gas producer based in the United Arab Emirates ('UAE')

— Covestro is a European chemicals producer based in Germany.

2. Indications of the presence of foreign subsidies

Based on the information available to it at this stage, the Commission considers that there are sufficient indications that the Parties may receive the following foreign subsidies within the meaning of Article 3 FSR:

— An unlimited guarantee, granted by the UAE, which derives notably from ADNOC's exemption from applicable UAE Bankruptcy Laws, as enacted in the three years prior to the announcement of the public bid. The unlimited guarantee may in principle be liable to enable ADNOC to obtain more favourable terms in its negotiations with third parties, notably financial institutions.

— A capital increase into Covestro, which were to be committed to by ADNOC in an Agreement concluded as part of the acquisition process and therefore in the three years prior to the announcement of the public bid. There are sufficient indications that the capital increase may not have taken place at market terms. The capital increase would be an individual measure and would therefore be limited to Covestro.

— Finally, the Commission's preliminary review identified other foreign financial contributions that may qualify as foreign subsidies to ADNOC, which the Commission will further review in the course of the in-depth investigation.

3. Indications of a distortion on the internal market

Based on the information available at this stage, the Commission preliminarily considers that the notified concentration involves foreign subsidies that are most likely to distort the internal market within the meaning of Article 5 FSR.

In particular, the Commission preliminarily considers that an unlimited guarantee falls within the scope of Article 5(1)(b) FSR and is therefore most likely to distort the internal market in the sense of the FSR.

[1] Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market (OJ L 330, 23.12.2022, p. 1).

In addition, the Commission preliminarily considers that there are sufficient indications that the capital increase directly facilitates the concentration within the meaning of Article 5(1)(d) FSR and is therefore most likely to distort the internal market in the sense of the FSR.

Based on the information available to it at this stage, the Commission also considers that there are sufficient indications that the foreign subsidies preliminarily identified in Section 2 are liable to improve the competitive position of the Parties in the internal market and, in doing so, actually or potentially negatively affect competition in the internal market within the meaning of Article 4 FSR, as follows.

The foreign subsidies identified may have improved ADNOC's competitive position in the acquisition process. In the in-depth investigation, the Commission will further review whether those foreign subsidies have had actual or potential negative effects on the acquisition process, by altering the outcome of the acquisition process. In particular, given that Covestro is a publicly listed company, the Commission will investigate a possible valuation of Covestro by ADNOC, not in line with market conditions, and whether that valuation could have actually or potentially deterred other parties interested in the acquisition of the Target, and/or whether ADNOC would have been able to perform the acquisition at the same conditions, absent the foreign subsidies identified.

In addition, the Commission finds that certain foreign subsidies, and in particular the unlimited guarantee to ADNOC and the capital increase, may be liable to improve the competitive position of the combined entity following the concentration, by allowing it to finance its EU activities at preferential terms and adapting investment strategies that do not conform to market requirements. In the in-depth investigation, the Commission will further review whether the foreign subsidies in the concentration will allow the combined entity to adopt investment strategies that would impact competitive conditions in the internal market.

4. **Conclusions**

For the reasons stated above and based on the information available to it at this stage, the Commission considers that there are sufficient indications that ADNOC and Covestro have been granted the foreign subsidies identified in Section 2, which actually or potentially distort the internal market as indicated in Section 3 and has therefore decided to initiate an in-depth investigation in accordance with Article 10(3) FSR.

5. **Invitation for comments**

In accordance with Articles 10(3)(d) and 40(1) FSR and Article 8(1) of Commission Implementing Regulation (EU) 2023/1441 ([2]) (the 'FSIR') the Commission invites any natural or legal person, Member States, as well as the third country that granted the foreign subsidies identified in Section 2 to submit their comments. In accordance with Article 8(3) FSIR, where the submitted written comments include confidential information, the submitting person shall provide a non-confidential version of the submission at the same time as the confidential version.

In duly justified cases, the providers of comments may request that their identity is not disclosed. Anonymity will be granted based on explicit good cause shown in the request.

In order to be fully taken into account in the procedure, comments should reach the Commission not later than 10 working days following the date of this publication. Observations can be sent to the Commission by email to COMP-FSR-REGISTRY@ec.europa.eu, with reference FS.100156.

([2]) Commission Implementing Regulation (EU) 2023/1441 of 10 July 2023 on detailed arrangements for the conduct of proceedings by the Commission pursuant to Regulation (EU) 2022/2560 of the European Parliament and of the Council on foreign subsidies distorting the internal market (OJ L 177, 12.7.2023, p. 1).