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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Methanex Corporation
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Canada

Subject: **Case M.11812 - METHANEX / OCI METHANOL BUSINESS**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004 ([1]) and Article 57 of the Agreement on the European Economic Area ([2])

Dear Sir or Madam,

(1) On 1 April 2025, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Methanex Corporation ("Methanex" or the "Notifying Party") will acquire sole control over OCI USA Inc., Firewater Holding LLC, and BioMethanol Chemie Holding II B.V. (together "OCI's Methanol Business") within the meaning of Article 3(1)(b) of the Merger Regulation (the "Transaction"). ([3]) Methanex and OCI's Methanol Business are hereinafter referred to as the "Parties".

([1]) OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
([2]) OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
([3]) OJ C, C/2025/2260, 10.04.2025.

1. THE PARTIES

(2) **Methanex** is a global producer and supplier of methanol, headquartered in Canada. With production facilities located in Canada, Chile, Egypt, New Zealand, Trinidad & Tobago, and the United States (the "US"), Methanex supplies customers globally, including in North America, Asia-Pacific, Europe and South America.

(3) **OCI's Methanol Business** is a producer and supplier of methanol and ammonia, headquartered in the Netherlands. It supplies customers globally from its production facilities in the US, primarily serving the US, Europe, the United Kingdom and Asia. OCI's Methanol Business also has a production facility in the Netherlands but it has been idle since 2021 due to high European natural gas prices. [Confidential information about strategy relating to production facility].

2. THE OPERATION

(4) Pursuant to the share purchase agreement executed on 8 September 2024, Methanex will acquire the entire issued share capital of OCI's Methanol Business for a purchase price of approx. EUR 1.8 billion. ([4]) As a result of the Transaction, Methanex will acquire sole control over OCI's Methanol Business.

(5) The Notifying Party submits that the Transaction is expected to enhance Methanex's global methanol production with access to stable and favourably priced natural gas feedstock in North America. Methanex expects to improve its security of supply and provide greater efficiency, cost synergies from optimized logistics costs, as well as larger distribution storage capabilities. The Notifying Party submits that the Transaction also provides an opportunity for Methanex to expand its development of future low carbon solutions by leveraging OCI's Methanol Business' expertise and experience. ([5])

3. UNION DIMENSION

(6) The Parties' combined aggregate worldwide turnover is more than EUR 2 500 million ([6]) (Methanex: EUR 3 442 million and OCI's Methanol Business: EUR […] million). In each of at least three Member States, the Parties' combined aggregate turnover exceeds EUR 100 million, and in each of these Member States, the aggregate turnover of each of the Party is more than EUR 25 million. ([7]) The aggregate Union-wide turnover of each of the Parties is more than EUR 100 million (Methanex: EUR […] million and OCI's Methanol Business: EUR […] million) and neither of them achieves more than two-thirds of its aggregate EU-wide turnover within one and the same Member State. The Transaction therefore has an EU dimension pursuant to Article 1(3) of the Merger Regulation.

([4]) The purchase price will consist of approx. EUR 1 billion in cash, the issuance of 9.9 million common shares of Methanex valued at approx. EUR 405 million and approx. EUR 405 million in debt and leases.

([5]) Form CO, paragraphs 57-62.

([6]) Turnover calculated in accordance with Article 5 of the Merger Regulation.

([7]) The Parties' combined aggregate turnover exceeds EUR 100 million in France (Methanex: EUR […] million and OCI's Methanol Business: EUR […] million), Germany (Methanex: EUR […] million and OCI's Methanol Business: EUR […] million) and the Netherlands (Methanex: EUR […] million and OCI's Methanol Business: EUR […] million).

4. RELEVANT MARKETS

(7) Both Methanex and OCI's Methanol Business are active in the production and supply of methanol. ([8])

4.1. Product market definition

(8) Methanol is a basic liquid petrochemical, manufactured using, primarily, natural gas and coal as a feedstock. Methanol is mainly used in the production of other commodity chemicals (such as formaldehyde or acetic acid) that are then used to make raw materials for construction and automotive parts, paints, paper, plastics etc. In addition, methanol is used for various fuel applications and the production of olefins used in the manufacture of chemical and polymer products (such as polyethylene and polypropylene). ([9])

(9) Based on the feedstock used in its production, methanol can be referred to as either *grey* (non-renewable natural gas), *green* (renewable natural gas, biomass and green hydrogen), *blue* (non-renewable feedstock with an integrated carbon capture), or *brown* (coal).

(10) While both Parties are active in the production and supply of *grey* and *green* methanol, Methanex' sales of *green* methanol are negligible (representing [less than 5%] of its output). Neither Methanex nor OCI's Methanol Business supply any "*blue*" or "*brown*" methanol in the EEA or worldwide. ([10])

4.1.1. The Commission's past practice

(11) In previous cases, the Commission has considered the production and supply of methanol as a separate relevant product market. ([11])

(12) The Commission observed that methanol is not substitutable from either a demand-side or a supply side with any other chemical product (given there are no realistic substitutes in terms of application and price). ([12]) On the other hand, methanol is a homogeneous chemical product, which does not have different grades. ([13]) The Commission has also not previously distinguished between different types of methanol based on the type of feedstock used (i.e., grey, green, brown, or blue methanol) or depending on its sustainability potential (i.e., conventional vs low carbon and/or renewable methanol).

([8]) OCI's Methanol Business also has limited activities in the supply of ammonia with a share of [0-5]% in the EEA and globally. Methanex is not active in the production or supply of ammonia. Ammonia does not appear to be a closely related product to methanol within the meaning of the Commission's Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings (2008/C 265/07). This was also confirmed by the market investigation which confirmed that any conglomerate effects are unlikely. Therefore, ammonia will not be discussed further in this decision. Form CO, e.g., paragraphs 36, 39 and 180-182, and footnotes 8, 14 and 32, Questionnaire to Competitors, question E.4, and Questionnaire to Customers, question E.4.

([9]) Form CO, paragraphs 88 *et seq*.

([10]) Form CO, paragraphs 35, 173 and 177.

([11]) Cases M.10147 *Mitsui & Co/Mitsui Chemicals/Honshu Chemical Industry*, decision of 27 May 2021, paragraphs 53-56 with reference to prior cases M.331 *Fletcher Challenge / Methanex*, decision of 31 March 1993; M.1813 *Industri Kapital/(Nordkem)/Dyno*, decision of 12 July 2000; and M.4737 *SABIC/GE Plastics*, decision of 2 August 2007.

([12]) Case M.10147 *Mitsui & Co/Mitsui Chemicals/Honshu Chemical Industry*, paragraph 55.

([13]) Case M.10147 *Mitsui & Co/Mitsui Chemicals/Honshu Chemical Industry*, paragraph 53-56.

4.1.2. The Notifying Party's views

(13) The Notifying Party agrees with the Commission's previous product market definition approach. In particular, the Notifying Party underlines that there is no difference between the different types of methanol from a customer perspective in terms of chemical properties and therefore application. From a supply-side perspective, there is also no major difference between the supply of conventional, low carbon, or renewable methanol, as the same plants can generally be used to produce all types of methanol (as long as access to the relevant type of feedstock is available). ([14])

4.1.3. The Commission's assessment

(14) The market investigation confirmed that methanol is a homogeneous product that maintains identical chemical properties, does not have different grades, and can serve the same applications regardless of its production method or the feedstock used. ([15])

(15) The market investigation indicated that while green methanol can be used for the same applications as grey, blue or brown methanol, ([16]) the current demand for and supply of green methanol remains very low, mainly due to it being considerably more expensive than grey methanol. Respondents to the market investigation generally expect demand for green methanol to grow to a limited extent over the next three years. ([17]). Customers explain that this is "*because the surcharges for green methanol are very high*" ([18]) and due to little regulatory incentives. ([19]) Suppliers indicated that changes in sustainability regulation could affect demand for green methanol in the EEA, but they do not foresee any significant changes in demand in the near future. ([20])

(16) From a supply-side perspective, respondents to the market investigation indicated that, generally, different processes and technologies are required to manufacture methanol from different feedstocks. As regards green methanol, the ease with which an existing methanol producer could begin manufacturing green methanol would depend on the colour of methanol it currently manufactures and the process through which it does so, as well as the availability of relevant feedstocks. For instance, given that grey methanol is based on non-renewable natural gas and green methanol can, *inter alia*, be made using renewable natural gas, one supplier explained that "*purified Renewable Natural Gas (aka Bio-Methane) from landfills or dairy farms could be sourced as front-end feedstock, in which case lower carbon intensity methanol production would be virtually identical to grey methanol production.* S*witching production from grey methanol to green*

([14]) Form CO, paragraph 96.

([15]) Questionnaire to Customers, questions C.A.2. and C.A.3. Questionnaire to Competitors, question C.A.3.1. For instance, respondents noted that "*the process of methanol synthesis itself is generally the same, but the synthesis gas production and conditioning is different regarding brown, grey and green and blue methanol*".

([16]) Questionnaire to Competitors, question C.A.2.1: "*Product quality for* [g]*reen methanol is the same as for grey, so it could be easily substituted*"; "*irrespective of the "color", the chemistry and physical paramaters are the same as for the grey methanol*".

([17]) Questionnaire to Customers, question C.A.5, and Questionnaire to Competitors, question C.A.5.: "[w]*e expect an increasing demand for sustainable fuels in the future, but not for the next three years*".

([18]) Questionnaire to Customers, question C.A.5.1.: "[c]*onsumers downstream are not willing to pay the premium for sustainable produced methanol*".

([19]) Questionnaire to Customers, question C.A.5.1.

([20]) Questionnaire to Competitors, questions C.A.5 and C.A.5.1.

methanol production would be relatively straight forward with minimal incremental costs aside from the price spread between fossil natural gas and Renewable Natural Gas". By contrast, the supplier explained that it would be "*very disruptive*" for a grey methanol manufacturer (that currently uses non-renewable gas) to begin manufacturing green methanol by using green hydrogen as an input, as this would require "*material incremental capital… to completely reconfigure and rebuild*" the production process. ([21]) However, switching production from grey methanol to green methanol using a natural gas feedstock is not disruptive and the production process is essentially the same according to suppliers of methanol. ([22]) In addition, green methanol can also be produced using 'traditional' feedstocks by purchasing renewable gas certificates, which has no impact on the production process as such. ([23])

(17) For completeness, even if the relevant product market were segmented by colour, the Transaction would not give rise to serious doubts as to its compatibility with the internal market. As regards grey methanol, the competitive landscape would not vary significantly from that assessed in Section 5 below if the relevant product market were limited to the supply of grey methanol, given that sales of other colours of methanol are marginal in the EEA. ([24]). As regards green methanol, this is an area of nascent demand. Even if OCI's Methanol Business were considered to be among the frontrunners in the supply of green methanol, the overlap is extremely limited as Methanex is hardly active - green methanol represents [less than 5%] of its output and its presence is limited to sales [to … customer(s)], which have declined from 2023 to 2024. Moreover, as explained in paragraph (16) above, other established manufacturers of grey methanol that rely on non-renewable natural gas could readily begin supplying green methanol to constrain the merged entity. As regards blue and brown methanol, the Parties are not active in the EEA.

(18) In light of the foregoing, for the purposes of this decision, and in line with its past decisional practice, the Commission will assess the impact of the Transaction on a relevant product market of the supply of methanol - irrespective of production method or feedstock used.

4.2. Geographic market definition

4.2.1. The Commission's past practice

(19) In its past practice, the Commission considered that, although methanol is internationally traded as a commodity (as it can be profitably transported over long distances), the market is not worldwide in scope as conditions of competition vary between the three main demand areas of the world (Western Europe, North America and Asia). ([25]) Consequently, in previous decisions, the Commission has conducted its assessment at the EEA level. ([26])

([21]) Questionnaire to Competitors, question C.A.4.1.
([22]) Questionnaire to Competitors, question C.A.3.1.
([23]) Questionnaire to Competitors, question C.A.4.1.
([24]) Form CO, paragraph 170 and Table 20.
([25]) Cases M.331 *Fletcher Challenge / Methanex*, decision of 31 March 1993, M.1813 *Industri Kapital/(Nordkem)/Dyno*, decision of 12 July 2000; M.4737 *SABIC / GE Plastics*, decision of 2 August 2007, and M.10147 *Mitsui & Co / Mitsui Chemical / Honshu Chemical Industry*, decision of 5 March 2021.
([26]) *Ibid*.

4.2.2. The Notifying Party's views

(20) The Notifying Party submits that the geographic scope of the market for methanol should be considered global instead of regional because: (i) methanol is sourced and supplied globally and can be easily transported; (ii) following the higher natural gas prices in the EEA since 2021, European production of methanol is largely idled and the majority of the EEA methanol demand is imported from e.g., Trinidad and Tobago, the US, Equatorial Guinea, Egypt and Venezuela, evidencing global competition; (iii) transportation costs (currently approximately [10-20]% of the price) are not sufficient to prevent significant imports of methanol into the EEA; (iv) there are no material regulatory hurdles for the import of methanol into Europe; and (v) there are correlations between prices across regions. ([27])

(21) However, the Notifying Party considers that, for the purposes of the present Transaction, the exact geographic market definition can be left open given that no competition concerns arise regardless of whether the relevant market is maintained to be EEA-wide or broader (e.g., global) in scope. ([28])

4.2.3. The Commission's assessment

(22) The Commission's market investigation did not provide any element suggesting that the Commission should depart from its past decisional practice with respect to the geographic market definition.

(23) While methanol is sourced and supplied across various regions of the world and it is not difficult to transport, the market investigation confirms that conditions of competition differ between different regions, in particular in the following aspects: ([29])

(24) *First*, the majority of competitors and customers providing views consider that the available suppliers, or their competitive strength, differ between the EEA and other regions. ([30]) For instance, one customer explained that there is an "[e]*xtremely limite*[d] *number of players in the US. Europe is pretty diversified.*" ([31]) This is supported by the Parties' own estimates of market shares across regions. For instance, the Notifying Party identifies its top five competitors supplying North America in 2024 to be: Koch ([10-20]%), Valenz ([10-20]%), LyondellBasell ([10-20]%), Mitsui ([5-10]%, and Celanese ([5-10]%). ([32]) In contrast, only one of these players is identified in the list of top seven competitors to the Parties in the EEA (i.e., Valenz, see Table 1 below).

([27]) Form CO, paragraphs 99-120 and "*The Global Methanol Market: Economic Evidence from Prices and Trade*" dated 3 April 2025, submitted by the Notifying Party on 24 April 2025 in response to the request for information of 23 April 2025.

([28]) Form CO, paragraphs 99 and 120.

([29]) The fact that the EEA has a high level of methanol imports does not necessarily mean that customers located in the EEA face same conditions of competition as customers located in other regions. Therefore, the constraint of methanol imports into the EEA will be assessed under the competitive assessment. See Commission's Market Definition Notice (C/2024/1645), paragraphs 42-44.

([30]) Questionnaire to Competitors, question C.B.2, and Questionnaire to Customers, question C.B.2.

([31]) Questionnaire to Customers, question C.B.2.2.

([32]) Form CO, Table 18. The Parties' view on the largest competitors in North America was supported by a market participant (minutes of a call with a market participant, 17 March 2025, Annex 1, slide 12).

(25) *Second,* and relatedly, import patterns and hence the origin of the methanol sold in the EEA are different from that sold in other regions. ([33]) Europe is a net importer of methanol and European production of methanol has been largely idled since 2021 due to high natural gas prices in Europe. Europe is therefore primarily supplied by imports from Latin America, Africa and the US. In contrast, the US is mainly supplied by domestic production and is a net exporter of methanol. Even though prices are generally higher in the US, ([34]) imports from other regions are limited. China is a significant producer of methanol, but is not exporting due to significant internal consumption. China also imports methanol but tends to source it from somewhat different regions than EEA customers. ([35])

(26) One competitor explained that the "*US market is almost supplied by US producers, while EAA is importing from various regions (US, Trinidad, Chile, Africa and EAA domestic production)"* and another that "*EEA and China are major importers of methanol, while North America is major exporter of methanol. China imports more Middle East tons while EEA attracts more North America and South America tons.*" ([36]) Respondents further explained that "[…] *Europe is dependent on import as local EEA production cannot cover demand*" "[,the] *US is a self sufficient methanol market*" ([37]) and that "[d]*ue to trade sanctions, Russian and Iranian methanol cannot be sold in Europe and U.S. It is sold in Asia instead at cheaper price.*" ([38])

(27) The Commission also notes that the cost of transporting methanol to a customer in Europe can vary considerably depending on the region of origin. The cost of supplying a customer in Europe from Europe was […] times cheaper than doing so from North America (representing [0-10]% and [10-20]% of costs, respectively). ([39]) Tariffs imposed on methanol imports also differ to some extent between geographic regions. ([40])

(28) *Third*, most of the respondents confirm that prices are different in the EEA and in other geographic regions. ([41]) The pricing of most methanol supply agreements is based on an industry reference price that is used as a pricing baseline from which individually negotiated discounts are then granted. The market investigation confirmed that the benchmark used for methanol supplies in the EEA is different from those used in other regions such as the US. ([42])

([33]) Questionnaire to Competitors, question C.B.2, C.B.4, and Questionnaire to Customers, question C.B.2.

([34]) Illustratively, based on data submitted by the Notifying Party, during 2024 Methanex's average realised price was higher in North America ([…] than in Europe […], China […] or Asia […]. The same is true if Methanex's prices net of logistics/transportation costs are considered (North America: […], Europe: […], Asia-Pacific: […], China: […]). Similarly, EU Rotterdam spot reference prices listed by ICIS and Argus were on average higher in 2024 than their equivalent prices for the US Gulf Coast. Form CO, Table 35 and Annex 9.1-B.

([35]) Form CO, Figure 6 and Table 1.

([36]) Questionnaire to Competitors, question C.B.2.

([37]) Questionnaire to Competitors, question C.B.2.

([38]) Questionnaire to Competitors, question C.B.2.

([39]) Form CO, footnote 221 and Table 2.

([40]) Form CO, paragraph 119.

([41]) Questionnaire to Competitors, question C.B.2, and Questionnaire to Customers, question C.B.2.

([42]) Questionnaire to Competitors, questions C.B.4, D.B.1, D.B.2 and D.B.2.1, Questionnaire to Customers, questions D.B.1 and D.B.2, and Form CO, e.g., paragraphs 238, 241 and 280, and Annexes 9.1-B and 9.1-C.

(29) Reference prices are set by independent industry Price Reporting Agencies ("PRAs"), most notably the Independent Commodity Intelligence Services ("ICIS") and Argus, as well as by some methanol suppliers such as Methanex and Valenz. ICIS, Argus and Methanex each publish a separate regional reference price for the EEA, North America/US, and Asia-Pacific. ([43]) One competitor explained in response to the market investigation that: "*The price benchmark in Europe is different than in the Americas or Asia (EU = ICIS EU or Argus EU)*." ([44])

(30) According to the data submitted by the Notifying Party, European reference prices are often 10-15% cheaper than US reference prices, and they do not always move in parallel. ([45]) This is consistent with Methanex's internal forecasts, which indicate that [Confidential details relating to internal estimates of Methanex]. ([46])

(31) Also, the publication frequency of the regional reference prices differs. Whereas the European reference prices of each ICIS, Argus and Methanex are published on a quarterly basis, those for North America are published monthly. ([47]) As one competitor explained: "*China price is based on spot, North America price is mostly based on monthly contract price minus discount, while EEA price is mostly based on quarterly contract price minus discount*." ([48])

(32) The popularity of various publishers' reference prices may also differ between different geographic regions. According to the Commission's market investigation, the single most commonly used benchmark in methanol supply agreements in the EEA is the European Quarterly Contract Price ("ECP") posted by ICIS, ([49]) whereas in the US Argus' reference prices appear more commonly used. ([50]) Indeed, in response to the market investigation, one competitor explained that, in the EEA, the typical pricing formula is "*ECP (ICIS) minus an individual negotiated discount*", and another that "*typically EAA contrac*[ts] […] *are based on a price publication (mainly ICIS) on so called EPC = european published contract price valid for the delivery quarter minus a discount* […]." ([51]) When asked about the typical reference price used in US, one competitor indicated that reference prices set by Argus may be more relevant than those of ICIS and noting that, in any event, the relevant benchmark is the North American (and not the European) reference price: *"ICIS no. Argus yes - on a monthly basis. However, we use Argus US pricing not Argus Europe*." ([52]) [Confidential details on price structure in commercial agreements of the Target company]. ([53])

([43]) Form CO, paragraph 247 and, e.g., Annexes 9.1-D-1 to 9.1-D-3 and 9.1.F-1, and 9.1-E-1a to 9.1-E-1c. In their internal documents, [Confidential details on collection of know-how and market evaluation by the Parties].

([44]) Questionnaire to Competitors, question C.B.4. [Confidential details on collection of know-how and market evaluation by the Parties].

([45]) Form CO, Annexes 9.1-B and 9.1-C.

([46]) Form CO, Annex 9.1-G-1, [Internal document of Methanex].

([47]) Form CO, paragraph 312.

([48]) Questionnaire to Competitors, question C.B.2.2.

([49]) Questionnaire to Competitors, question D.B.2, Questionnaire to Customers, question D.B.1, and Form CO, paragraphs 279-281 and 302.

([50]) Response to RFI 8, question 1, and Questionnaire to Competitors, question D.B.2.1.

([51]) Questionnaire to Competitors, question D.B.1.

([52]) Questionnaire to Competitors, question D.B.2.1.

([53]) Form CO, paragraph 281 and response to RFI 8, question 1.

(33) While most methanol supplies in the EEA are based on agreements between suppliers and purchasers and therefore rely on reference prices as a starting point, some methanol purchases are done on a spot basis at a regional spot market rate. ([54]) In the EEA, such spot transactions apply the Rotterdam spot price, which is EEA-specific and differs from the spot prices applied in other geographic regions. ([55])

(34) *Fourth*, the level of discounts granted from the applicable reference price tend to vary considerably between the EEA and other regions such as the US. ([56]) One market participant explained that "[w]*hile discounts for the largest methanol consumers in Europe are estimated at* […] *for 2025 and are increasing year over year, discounts in the U.S. are higher, at around* […]*, and also increasing annually. The upward trend in contract prices has been accompanied by a corresponding increase in discounts.*" ([57]) This is supported by Methanex's internal documents, which show that its average realised prices in Europe have been generally lower than in North America [Confidential details and internal estimates relating to pricing of Methanex]. ([58])

(35) *Fifth*, most competitors providing a view submit that they generally supply methanol to the EEA based on agreements that are EEA-wide in scope. ([59]) Customers' responses on the general geographic scope of their methanol purchase agreements covering the EEA were inconclusive. However, as noted above, the majority of customers providing views in any event confirmed that supply agreements covering the EEA rely on EEA-specific pricing. ([60])

(36) *Sixth*, the feedback received from competitors and customers was inconclusive on whether regulatory regimes and customer preferences vary between regions. ([61]) Regarding regulatory requirements, one competitor explained that "[d]*ifferent regions have different regulations*," whereas another noted that "*from a regulatory point of view, US and EAA do not differ much.*" ([62]) On customer preferences, one competitor explained that "*customers* [are] *always looking for best prices*" ([63]) and a customer noted that there is "*little difference* [in customer preferences] *as the product is very similar for most producers.*" ([64])

(37) The Commission's investigation also pointed to the end-uses of methanol varying between geographic regions. Based on 2023 data, for instance, olefins were the largest end-use of methanol in China, whereas no other country or region in the world produced olefins from methanol feedstock. ([65]) In North America, the second largest end-use of methanol was acetic acid, which represented only a minimal part of the methanol end-use, e.g., in the EEA. ([66]) In Central and

([54]) Questionnaire to Customers, question B.6.
([55]) Form CO, e.g., paragraph 316, and Annex 9.1-B.
([56]) Form CO, Annexes 9.1-B and 9.1-C, and Questionnaire to Customers, question D.B.3.1.
([57]) Minutes of a call with a market participant, 17 March 2025, paragraph 19.
([58]) Form CO, Annex 9.1-G-5, [Internal documents of Methanex].
([59]) Questionnaire to Competitors, question C.B.3.
([60]) See paragraph (27) above.
([61]) Questionnaire to Competitors, question C.B.2 and Questionnaire to Customers, question C.B.2.
([62]) Questionnaire to Competitors, question C.B.2.
([63]) Questionnaire to Competitors, question C.B.2.
([64]) Questionnaire to Customers, question C.B.2.
([65]) Form CO, e.g., paragraph 164, and "*The Global Methanol Market: Economic Evidence from Prices and Trade*" dated 3 April 2025, submitted by the Notifying Party on 24 April 2025, p. 10 and Table A8.
([66]) "*The Global Methanol Market: Economic Evidence from Prices and Trade*" dated 3 April 2025, submitted by the Notifying Party on 24 April 2025, Table A8.

Western Europe, biodiesel was the second largest end-use of methanol, while representing a considerably smaller proportion of methanol use in North America. ([67]) In the Middle East, most methanol was used to produce gasoline additives Methyl tert-butyl ether (MTBE) and Tert-Amyl methyl ether (TAME), whereas their proportion was much less pronounced in all other regions. ([68]) However, the difference in end-use does not appear to affect customer preferences given for instance the homogenous nature of the methanol feedstock. ([69])

(38) Also, the investigation indicated that the demand for green methanol, while still very limited, may vary based on regional regulation or different customer segments. Current use-cases for low-carbon methanol appear to primarily concern alternative fuels, for instance for the maritime sector, which is subject to EU-level regulation. ([70]) Green methanol may also be more attractive for customers with ambitious sustainability targets. ([71]) However, the market investigation confirmed that type of feedstock used to product methanol is currently not a significant element of regional differentiation. ([72])

(39) In light of the foregoing, the Commission concludes that, for the purposes of the present decision, the market for methanol is EEA-wide.

5. COMPETITIVE ASSESSMENT

(40) The Transaction results in a horizontal overlap in the market for the supply of methanol in the EEA.

5.1. Legal framework

(41) Pursuant to Article 2(2) and (3) of the Merger Regulation, the Commission must assess whether a proposed concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position. In this respect, a merger can entail horizontal and/or non-horizontal effects.

(42) The Commission assesses the effects of notified transaction in accordance with the Guidelines on the assessment of horizontal mergers under the Merger Regulation. ([73]) The Horizontal Merger Guidelines distinguish two main ways in which concentrations between actual or potential competitors in the same relevant market may significantly impede effective competition, namely non-coordinated effects and coordinated effects.

([67]) *Ibid.*

([68]) "*The Global Methanol Market: Economic Evidence from Prices and Trade*" dated 3 April 2025, submitted by the Notifying Party on 24 April 2025, p. 11 and Table A8.

([69]) Questionnaire to Customers, question C.B.2.

([70]) Regulation (EU) 2023/1805 on the use of renewable and low-carbon fuels in maritime transport, introducing measures to ensure that the greenhouse gas intensity of fuels used by the shipping sector will gradually decrease over time, from 2% in 2025 to as much as 80% by 2050. Also, the Renewable Energy Directive (EU/2023/2413) establishes binding targets for the share of renewable energy in the transport sector, including maritime and aviation.

([71]) Questionnaire to Customers, questions C.A.2 and C.A.4.

([72]) Form CO, e.g., footnote 41, Questionnaire to Competitors, question C.A.2, and Questionnaire to Customers, questions C.A.2 and C.A.4.

([73]) Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Horizontal Merger Guidelines'), OJ C 31, 5.2.2014.

(43) A concentration giving rise to non-coordinated effects may significantly impede effective competition by eliminating the competitive constraint imposed by one merging party on the other, as a result of which the merged entity would have increased market power without resorting to coordinated behaviour. In that regard, the Horizontal Merger Guidelines consider not only the direct loss of competition between the merging firms, but also the reduction in competitive pressure on non-merging firms in the same market that could be brought about by the concentration. ([74]) The Horizontal Merger Guidelines list a number of factors which may influence whether or not significant non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force. ([75]) Not all of these factors need to be present for significant non-coordinated effects to be likely. The list of factors, each of which is not necessarily decisive in its own right, is also not an exhaustive list.

(44) A concentration may also significantly impede competition by changing the nature of competition in a market in such a way that firms that previously were not coordinating their behaviour, are now significantly more likely to coordinate and raise prices or otherwise harm effective competition. ([76]) The Horizontal Merger Guidelines identify four cumulative conditions to establish the likely emergence and sustainability of coordinated conduct: (a) firms have the ability to agree tacitly on the terms of coordination, (b) there is sufficient transparency to monitor any deviations; (c) there are deterrent mechanisms and (d) outsider reactions cannot undermine the coordinated outcome. ([77])

(45) The Horizontal Merger Guidelines also describe a number of factors that could counteract any harmful effects of the merger on competition, including the likelihood of buyer power, entry and efficiencies. ([78])

5.2. Non-coordinated effects

(46) The Transaction gives rise to a horizontally affected market for the supply of methanol in the EEA. While neither of the Parties produces methanol in the EEA, both supply significant methanol volumes to the EEA from production plants located in other geographic regions. ([79])

5.2.1. The Notifying Party's views

(47) The Notifying Party's estimates of the Parties and their largest competitors' market shares in the EEA are provided in Table 1 below.

([74]) Horizontal Merger Guidelines, paragraph 24.
([75]) Horizontal Merger Guidelines, paragraph 26.
([76]) Horizontal Merger Guidelines, paragraph 39.
([77]) Horizontal Merger Guidelines, paragraph 41.
([78]) Horizontal Merger Guidelines, paragraph 30.
([79]) See Section 1 above.

Table 1: Supply of methanol in the EEA (by volume), 2024

Supplier	Including captive sales		Excluding captive sales	
	Volume (mt)	Market share (%)	Volume (mt)	Market share (%)
Methanex	[…]	[20-30]%	[…]	[20-30]%
OCI's Methanol Business	[…]	[5-10]%	[…]	[5-10]%
Combined	***[…]***	***[20-30]%***	***[…]***	***[30-40]%***
Valenz	[…]	[10-20]%	[…]	[10-20]%
Equinor	[…]	[10-20]%	[…]	[10-20]%
Mitsubishi	[…]	[5-10]%	[…]	[10-20]%
Solvadis	[…]	[5-10]%	[…]	[10-20]%
Mider-Helm	[…]	[5-10]%	[…]	[5-10]%
BASF	[…]	[5-10]%	[…]	[0-5]%
SABIC	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	*[10-20]%*	*[…]*	*[10-20]%*
Total	**[…]**	**100%**	**[…]**	**100%**

Source: Notifying Party's estimates, Form CO, Tables 12 and 13, and response to RFI 8, question 2.

(48) The Notifying Party submits that the Transaction will not give rise to potential non-coordinated affects in relation to the supply of methanol in the EEA given that: (i) the Parties' combined market share and post-merger HHIs remain relatively modest both in the EEA and globally; ([80]) (ii) OCI's Methanol Business is not an important competitive force; ([81]) (iii) several strong competitors with sizeable shares will remain in the market post-Transaction; ([82]) (iv) competitors have sufficient spare capacity and could therefore easily increase their sales into the EEA in case of hypothetical price increases; ([83]) and (v) customers can easily switch between suppliers. ([84])

5.2.2. The Commission's assessment

(49) The Commission considers that the Transaction does not raise serious doubts as a result of non-coordinated effects in relation to the supply of methanol in the EEA for the following reasons:

(50) *First*, although the Parties will be the largest supplier of methanol in the EEA, their combined share will be relatively moderate at [20-30]% including captive sales (or [30-40]% excluding captive sales). Further, OCI's Methanol Business is a relatively small player, bringing an increment of [5-10]%. The market investigation did not give any reason to doubt the Parties' estimates of their market position. ([85])

(51) *Second*, the Parties are not particularly close competitors. The majority of respondents to the Commission's market investigation consider that OCI's Methanol Business is not a close competitor to Methanex. Rather, third parties including Valenz, Equinor, Mider-Helm and Koch were regarded as closer

([80]) Form CO, paragraphs 153-154 and 159 *et seq*.
([81]) Form CO, paragraph 138.
([82]) Form CO, paragraphs 162.
([83]) Form CO, paragraphs 163 *et seq*.
([84]) Form CO, e.g., paragraph 387.
([85]) E.g., minutes of a call with a competitor, 19 December 2024, paragraph 10, Questionnaire to Competitors, question B.4 and Questionnaire to Customers, question B.7.

competitors to Methanex than OCI's Methanol Business. On the other hand, the responses were somewhat inconclusive on whether the closest competitor to OCI's Methanol Business is either Methanex or a third party. In any event, the investigation confirmed that the Parties compete (closely) not only with each other but also with several other methanol providers. ([86])

(52) *Third,* sufficient credible alternative methanol suppliers will remain and the market is considered competitive. The majority of competitors and customers providing views confirm that enough credible alternative suppliers of methanol will remain available in the EEA post-Transaction. ([87]) As shown in Table 1 above, the merged entity will be constrained by several competitors which are larger than OCI's Methanol Business, i.e., Valenz ([10-20]%), Equinor ([10-20]%), Mitsubishi ([5-10]%), Solvadis ([5-10]%) and Mider-Helm ([5-10]%). These five competitors alone will hold around [50-60]% of the EEA market for methanol post-merger. Consequently, most respondents perceive the methanol market in the EEA to be competitive. ([88])

(53) *Fourth*, there are no high barriers to switching between suppliers. Customers tend to multi-source, supply agreements are of short duration, and switching is relatively easy.

(54) Customers in the EEA generally have contracts with and purchase methanol from multiple suppliers in any given year. Several customers explained that supply agreements are often the result of a tendering process that yields contracts with multiple credible methanol providers. ([89]) Most customers providing views generally purchase methanol in the EEA from at least 2-5 suppliers during a given year. ([90]) Customers explained that the rationale for using multiple suppliers is, e.g., "*to secure sufficient supply*" and "*to achieve competitive prices*." ([91]) According to most customers providing a view, the average duration of methanol supply agreements in the EEA is one to two years. ([92])

(55) Most customers confirm that switching, including for a large part of their EEA demand, is relatively easy given that methanol is a commodity product that is homogenous irrespective of the supplier and that several credible suppliers are available. ([93]) Several customers also explained that they have recently switched or regularly switch a part of their demand between suppliers. ([94]) This evidences that switching is not only a possibility but also takes place in practice.

(56) *Fifth* and related, customers are price sensitive. Most customers providing views confirm that price is the single most important factor in methanol procurement decisions and that they would likely switch suppliers in the EEA following a price

([86]) Questionnaire to Competitors, questions D.A.2 and D.A.3, Questionnaire to Customers, questions D.A.6 and D.A.7, and Methanex internal documents, e.g., Annex 9.1-G-4 [Internal document of Methanex] and Annexes 9.1-I-1 to 9.1-I-10.

([87]) Questionnaire to Competitors, question E.2, and Questionnaire to Customers, question E.2.

([88]) Questionnaire to Competitors, question D.A.4, and Questionnaire to Customers, question D.A.9.

([89]) Questionnaire to Customers, question D.A.1, minutes of a call with a customer, 24 January 2025, paragraph 6, and minutes of a call with a customer, 15 January 2025, paragraph 7.

([90]) Questionnaire to Customers, question D.A.1, minutes of a call with a customer, 8 January 2025, paragraph 10, minutes of a call with a customer, 15 January 2025, paragraph 7, and minutes of a call with a customer, 24 January 2024, paragraph 6.

([91]) Questionnaire to Customers, question D.A.1.

([92]) Questionnaire to Customers, question D.A.2.

([93]) Questionnaire to Customers, questions D.A.11 and D.A.11.2.

([94]) Questionnaire to Customers, question D.A.11.3.

increase. ([95]) Customers further explained that: "[a]*s methanol is a commodity, price is most important*," ([96]) "[m]*ethanol is a commodity and quality is assured. Price is key* […]," ([97]) "*price will always be the number one factor*," ([98]) and "[we are] *price sensitive and* [price] *will be the top consideration*." ([99])

(57) *Sixth*, customers have bargaining power towards methanol suppliers and achieve meaningful discounts against the relevant reference price of the contract on all or nearly all of their contractual purchases. ([100]) These discounts range between c. 10-45%, and their average level has increased in the recent years. ([101]) As one competitor explained, "*to* [win] *a methanol sales contract each producer has to be com[p]etitive;* […] *the methanol market is and will be for the time to come as typical buyers' market.*" ([102]) Consistent with their view that the market is competitive, customers confirmed that the level of discount varies between suppliers. ([103]) Respondents consider that the level of discount can vary based on various factors, including the volumes procured, relationship with the supplier, logistical aspects, overall supply/demand factors in the market, as well as the number of suppliers competing for the opportunity and ability to switch. ([104])

(58) *Seventh*, as methanol can be easily transported, barriers to geographical expansion are low. The majority of competitors confirm that it is easy or very easy for a methanol supplier active in other parts of the world to start supplying methanol to the EEA. ([105]) Competitors already importing methanol to the EEA could also easily expand their supply volumes in the event the merged entity increased its prices. ([106])

(59) Suppliers of methanol tend to have considerable spare capacity. According to the Notifying Party's estimates, methanol suppliers have spare capacity of at least approximately [more than 10% but less than 50%] of nameplate capacity in the EEA and globally. ([107]) The global spare capacity would be sufficient to comfortably cover [Confidential details on ratio of estimated global spare capacity in relation to Parties' sales] ([108]) and the EEA spare capacity would also cover […] of the merged entity's EEA sales. ([109]) The market investigation did not provide evidence of past or future supply shortages. ([110])

([95]) Questionnaire to Customers, questions D.A.3, D.A.4 and D.A.10.
([96]) Questionnaire to Customers, question D.A.4.
([97]) Questionnaire to Customers, question D.A.10.
([98]) Questionnaire to Customers, question D.A.10.
([99]) Questionnaire to Customers, question D.A.4.
([100]) Questionnaire to Competitors, questions D.B.3-D.B.5, and Questionnaire to Customers, question D.B.2.
([101]) Questionnaire to Competitors, question D.B.3, Questionnaire to Customers, question D.B.3.3, Form CO, paragraph 295, minutes of a call with a competitor, 22 January 2025, paragraph 23 and minutes of a call with a market participant, 17 March 2025, paragraph 19.
([102]) Questionnaire to Competitors, question D.B.5.1.
([103]) Questionnaire to Competitors, question D.B.3.
([104]) Questionnaire to Competitors, questions D.B.3.1 and D.B.3.2.
([105]) Questionnaire to Competitors, question D.A.5.
([106]) *Ibid*, and Form CO, e.g., paragraphs 163, 188 and 194.
([107]) Form CO, paragraphs 162 and 188-194, in particular Tables 21-25.
([108]) Based on a comparison of total nameplate capacity, operating rates and the Parties' sales. Form CO, Tables 12, 14 and 21.
([109]) Based on a comparison of total nameplate capacity, operating rates and the Parties' sales. Form CO, Tables 12 and 24.
([110]) E.g., minutes of a call with a competitor, 24 January 2025, paragraph 22.

(60) *Eighth*, while feedback on the likely impact of the Transaction was mixed, the concerns raised by market participants during the investigation do not appear credible.

(61) As regards competitors, a large majority of respondents confirm that the Transaction will have a neutral impact on their company and on competition for the supply of methanol in the EEA overall, and that a sufficient number of credible alternative suppliers will remain in the market in the EEA. ([111]) This is consistent with the evidence and market dynamics described above.

(62) As regards customers, many respondents expect a neutral impact. However, a slight majority of respondents expressing a view consider the impact of the Transaction to be negative on their company and on competition for the purchasers of methanol in the EEA more generally. ([112]) These concerns appear to be driven by the fact that OCI's Methanol Business would no longer be an independent competitor. ([113]) However, the possible negative impact from this loss of a competitor is contradicted by the elements described above and notably by the views of customers regarding competitive dynamics. In particular, as explained above, most customers providing a response consider that they will have access to a sufficient number of credible alternatives, ([114]) are generally price sensitive and able to switch, ([115]) and have bargaining power *vis-à-vis* methanol suppliers. ([116]) Notably, most customers that indicated a potential negative impact on their company likewise confirmed the presence of sufficient alternatives post-merger. ([117])

(63) Furthermore, some customers providing a response explain that the merger can also lead to positive effects. For instance, they note that the Transaction will allow Methanex to access natural gas feedstock in the US at lower prices, which could enable Methanex to offer more competitive pricing or increased availability of methanol in the EEA. ([118]) One customer also explained that "*the Transaction will lead to an increase in methanol volumes*" and "*has the potential to bring a much-needed injection of innovation and competitiveness to the European methanol market, which is currently facing challenges*." ([119])

(64) In light of the foregoing, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market from the risk of unilateral effects with respect to the production and supply of methanol in the EEA.

5.3. Coordinated effects

5.3.1. The Notifying Party's views

(65) The Notifying Party submits that the Transaction does not give rise to coordinated effects in the market for the supply of methanol in the EEA.

([111]) Questionnaire to Competitors, questions E.1 and E.2.
([112]) Questionnaire to Customers, question E.1.
([113]) Questionnaire to Customers, question E.1.
([114]) See paragraph (52) above.
([115]) See paragraphs (55) and (56) above.
([116]) See paragraph (54) above.
([117]) Questionnaire to Customers, questions E.1 and E.2.
([118]) Questionnaire to Customers, question E.1.
([119]) Minutes of a call with a customer, 24 January 2025, paragraphs 16 and 17.

(66) According to the Notifying Party, the market for the supply of methanol does not represent a market in which it is simple or desirable for suppliers to reach a common understanding on the terms of coordination. In this context, the Notifying Party emphasizes that the methanol market is highly competitive with a large number of suppliers being active at a global as well as EEA-wide level. Each of these suppliers has different capacities, cost-bases and production locations, which would make it difficult for competitors to agree on and sustain any focal price points. Moreover, the overcapacity in the market and low barriers to the transportation of methanol across locations are additional factors minimizing the chances of the success of any attempted collusion. ([120])

(67) In addition, the Notifying Party submits that while methanol is traded on the spot market and reference prices are published on a regular basis, this does not result in an alignment of the final prices charged to customers as these do not coincide with actual prices that are charged to customers, according to the Notifying Party. The reference prices are also published at different times, with no coordination on timing between Methanex and other data providers. The Notifying Party submits that reference prices are only the initial starting point for individual negotiations, and customers can and do negotiate individual discounts. As large customers typically use tender procedures, suppliers are under pressure to offer the most attractive commercial terms and so apply significant discounts. The Notifying Party adds that the magnitude of discounts has increased in recent years, widening the disconnect between reference prices and net realised prices. ([121])

5.3.2. The Commission's assessment

5.3.2.1. Introduction

(68) The methanol industry appears to involve a degree of transparency on prices, in view of the fact that independent PRAs and certain suppliers, amongst which Methanex, publish industry reference prices for methanol, which are the basis of pricing for most methanol supply agreements (as outlined in Section 5.3.2.2). The Commission has therefore investigated the potential for the Transaction to give rise to coordinated effects in the supply of methanol in the EEA, notably by facilitating coordination among competitors on prices in the EEA.

(69) At the outset, it is important to note that the market investigation and the evidence submitted to the Commission do not reveal any indications of existing coordination among competitors in the methanol market. In particular, the internal documents submitted by the Notifying Party – including competitor profiles, commercial reports, marketing materials, and strategic plans – contain no references to any coordinated pricing practices, alignment mechanisms, monitoring strategies, or deterrence tools and, on the contrary, they contain evidence of aggressive pricing strategies in the industry. ([122])

(70) As the following paragraphs will explain in detail, the Transaction does not raise serious doubts as a result of coordinated effects in the market for methanol in the EEA. In summary, the methanol market in the EEA is characterised by a fragmented and competitive environment such that it is challenging to reach terms of coordination (Section 5.3.2.3), there is limited transparency on actual transaction prices charged to customers and it is not feasible to monitor and

([120]) Form CO, paragraphs 140-141, 262, 282, 295.
([121]) Form CO, paragraph 142.
([122]) E.g. Form CO, Annex 9.1-G-1, [Internal documents of Methanex].

sustain coordination (Section 5.3.2.4), and the reactions of outsiders could jeopardise coordination (Section 5.3.2.5). In addition, the Transaction is expected to have only a limited impact on these features: notably, it would not materially increase transparency, it would reduce symmetry, it would not significantly change the market structure and would not result in the elimination of a maverick player (as explained in these Sections).

5.3.2.2. Overview of relevant pricing dynamics for methanol in the EEA

(71) Most methanol contracts in the EEA involve a pricing formula, for which the main elements are typically an industry reference price (the "Reference Price") and a discount against the Reference Price (the "Contractual Discount"). ([123]) In some cases, additional factors may also be included, for instance, the formula may provide for a weighting between one or more Reference Prices, e.g. between a given PRA's then-applicable contract Reference Price and spot Reference Price (the "Weighting"). ([124]) Contracts are generally negotiated on an annual basis for a one-year duration, ([125]) with methanol suppliers also making some spot sales to customers. ([126])

5.3.2.2.1. Reference Prices

(72) Reference Prices are published by PRAs that focus on collecting and disseminating market insights relating to supply and demand dynamics affecting certain products. For instance, ICIS and Argus are the main PRAs that publish Reference Prices for methanol. In particular, they publish spot prices, which are based on market clearing prices that are bilaterally negotiated between buyers and sellers of methanol ([127]), and contract reference prices which are based on a broader assessment of market dynamics. For its contract Reference Prices, ICIS, for example, publishes only once confirmation is obtained of at least two agreements between recognised buyers and sellers of significant size. ([128]) Methanex bases its contract Reference Prices on [Confidential details on setting of reference prices by Methanex]. ([129]) As they cover a longer period, Reference Prices provide a more stable metric to estimate the price of methanol over time. ([130])

(73) PRAs publish Reference Prices on a regional basis, for Europe, Asia-Pacific, China and the US with several different Reference Prices in these regions. ([131]) . ICIS and Argus publish quarterly contractual Reference Prices for methanol in Europe and publish monthly contract Reference Prices for the US. ([132]) For spot Reference Prices for methanol ICIS publishes on a weekly basis in Europe and

([123]) Questionnaire to Competitors, questions D.B.1 and D.B.2, Questionnaire to Customers, questions D.B.1 and D.B.2. See also Form CO, paragraphs 284-294, 302-303 and 336-339.
([124]) Form CO, paragraphs 284-294.
([125]) Questionnaire to Competitors, question D.B.10, and Form CO, paragraphs 229 and 232.
([126]) [Confidential details on Parties' contractual arrangements with customers]. Form CO, paragraphs 235-236.
([127]) Form CO, paragraph 240.
([128]) ICIS Methanol Methodology (available at: Methanol-Methodology-1-February-2025.pdf), p. 17.
([129]) Form CO, paragraph 243.
([130]) Form CO, paragraphs 284-294.
([131]) See for example: ICIS Methanol Methodology (available at: Methanol-Methodology-1-February-2025.pdf), p.3.
([132]) ICIS Methanol Methodology (available at: Methanol-Methodology-1-February-2025.pdf), pp. 10-11 and Argus Methanol Methodology (available at: https://www.argusmedia.com/-/media/Files/methodology/argus-methanol.ashx), p.7.

the US and on a daily basis for certain spot Reference Prices in Asia and China. ([133]) Argus also publishes weekly spot Reference Prices for Europe and publishes several different spot Reference Prices for other regions. ([134]) As explained in paragraph (32) above, ICIS' Reference Prices are most commonly used in methanol supply contracts for the EEA, while Argus' prices are more common in the US.

(74) In addition, certain methanol suppliers also publish their own Reference Prices, notably Methanex and Valenz. Methanex publishes Reference Prices for North America, Asia Pacific and China on a monthly basis and, for Europe, on a quarterly basis. ([135]) [Confidential details on Methanex's contractual arrangements with customers]. ([136]) Valenz also publishes Reference Prices for North America on a monthly basis, but does not publish Reference Prices relating to Europe. ([137])

(75) The methodologies underlying the Reference Prices vary between PRAs and suppliers. At a high level, as regards the Reference Prices that are most relevant for the EEA:

(a) ICIS' quarterly Reference Price is determined based on agreements between as many as possible but at least two buyers and two sellers (i.e. 2+2), though in practice it is very common for ICIS to have more than the minimum of 2+2 involved in setting the prices. [Confidential details on Parties' submission of prices to ICIS]. This ensures methodological integrity and compliance with regulatory standards such as the EU Benchmark Regulation and reflects ICIS's commitment to objectivity, requiring regular audits and editorial independence. ([138]) ICIS explained that Contractual Discounts, while monitored for market awareness, are excluded from its Reference Price calculation. ([139]) [Confidential details on Parties' submission of prices to ICIS]. ([140])

(b) Argus determines EU methanol Reference Prices – specifically the European Quarterly and Monthly Contract Prices – through continuous collection of market data from a broad range of buyers, sellers, and traders. Argus carefully analyses all data submitted to the price assessment process. These data include transactions, bids, offers, volumes, counterparties, specifications and any other information that contributes materially to the determination of price. Argus bases its assessments on lows and highs of deals done, calculated averages and other methods and not on published prices by suppliers such as Methanex. ([141]) [Confidential details on Parties' submission of prices to Argus]. ([142])

([133]) ICIS Methanol Methodology (available at: Methanol-Methodology-1-February-2025.pdf). pp. 10-11.
([134]) Argus Methanol Methodology (available at: https://www.argusmedia.com/-/media/Files/methodology/argus-methanol.ashx), p. pp.2-7.
([135]) Form CO, paragraphs 263-267.
([136]) Form CO, paragraphs 336-339.
([137]) Form CO, paragraph 241 and see also here: Valenz-MPP-Historical-May-2025.pdf.
([138]) Minutes of a call with a market participant, 17 March 2025, paragraph 6.
([139]) *Ibid,* paragraph 8.
([140]) Form CO, paragraphs 268-278.
([141]) Argus Methanol Methodology (available at: https://www.argusmedia.com/-/media/Files/methodology/argus-methanol.ashx), p.7.
([142]) Response to RFI 8, question 4.

(c) Methanex determines its Reference Prices for methanol based on [confidential details on setting of reference prices by Methanex]. ([143]) [Confidential details on setting of reference prices by Methanex]. ([144]) ([145]) [Confidential details on setting of reference prices by Methanex]. ([146])

(76) The timing of release for Reference Prices can vary. For instance, the Notifying Party submitted data to show that between 2022-2024, there was no clear pattern of whether Methanex or ICIS published their quarterly Reference Prices for Europe first. On seven occasions Methanex published before ICIS, while on five occasions ICIS published first. Argus' price is published after suppliers' Reference Prices have been published. ([147])

(77) The Notifying Party explains that while Reference Prices are published, the choice of which Reference Price(s) a customer has in its supply contract with a given supplier will not be known to other suppliers. The market investigation indicates that Methanex's competitors consider the choice of Reference Prices in their contracts to be business secrets. ([148]) Likewise, where a contract contains more than one Reference Price, the Weighting is negotiated and agreed between the supplier and customer and the level agreed is a business secret. ([149])

(78) Pricing terms may involve additional conditions negotiated bilaterally between the customer and the supplier. [Confidential details on Methanex's contractual arrangements with customers]. ([150]) [Confidential details on Methanex's contractual arrangements with customers].

5.3.2.2.2. Contractual Discounts

(79) Contractual Discounts are negotiated bilaterally between suppliers and customers for their methanol supply contracts. All suppliers responding to the market investigation confirmed that the discounts they offer are generally specific to a given customer. ([151]) Suppliers responding to the investigation confirmed that Contractual Discounts are business secrets, there is limited transparency in this regard, and they are not aware of the level of Contractual Discounts offered by their competitors. ([152])

(80) Contractual Discounts are very common in the industry – all but one customer responding to the market investigation confirmed that they always receive a Contractual Discount. ([153]) These typically involve material reductions compared with the Reference Prices. Customers responding to the market investigation

([143]) Form CO, paragraphs 243-257.
([144]) Response to RFI 8, question 5.
([145]) For completeness, separately from Reference Prices, as a public company, Methanex is also required to publish aggregated information on its average realised price on a quarterly and yearly basis. This represents an average across all geographies, customers and volumes. See also Form CO paragraphs 243-257 and paragraphs 251-254.
([146]) Form CO paragraph 272, and minutes of a call with a market participant, 17 March 2025, Annex 1, slides 6 and 10.
([147]) Form CO, paragraphs 263-267, and minutes of a call with a market participant, 17 March 2025, Annex 1, slide 7.
([148]) Questionnaire to Competitors, question D.B.1.
([149]) Response to RFI 8, question 7.
([150]) Form CO, paragraphs 353-356.
([151]) Questionnaire to Competitors, question D.B.4.
([152]) Questionnaire to Competitors, question D.B.6.1, and minutes of a call with a market participant, 17 March 2025, Annex 1, slide 7.
([153]) Questionnaire to Competitors, question D.B.3. and Questionnaire to Customers, question D.B.2.

indicated that they can receive discounts of [significant discount]. ([154]) This is consistent with data submitted by the Notifying Party. Notably, for Methanex, Contractual Discounts in Europe in 2024 were most commonly between [significant discount], while for OCI's Methanol Business they were generally between [significant discount]. ([155]) The level of Contractual Discounts has been increasing in recent years, including in Europe. ([156]) As explained in Section 5.2.2 above, the market for methanol is (and post-Transaction will continue to be) competitive; in this vein, one competitor described methanol as a "*buyer's market*" in view of the competitive pressure the supplier faces on prices. ([157])

(81) As explained in paragraph (57) above, the market investigation confirmed that the level of Contractual Discounts customers can negotiate at a given moment varies between suppliers. It can depend on a range of factors, including the volumes procured, relationship with the supplier, logistical aspects, overall supply/demand factors in the market, as well as the number of suppliers competing for the opportunity and ability to switch. Moreover, at a given moment a particular supplier may also offer different Contractual Discounts to customers, for instance due to these factors. ([158]) [Confidential details on Parties' contractual arrangements with customers]. ([159])

5.3.2.3. Reaching terms of coordination

(82) While methanol is a homogenous product, the structure of the EEA methanol market is not conducive to reaching a coordinated outcome, for the following reasons.

(83) *First*, the market for the supply of methanol in the EEA is fragmented, ([160]) with numerous active suppliers (see Table 1 above). Post-Transaction, the combined market share of Methanex and OCI's Methanol Business would remain relatively moderate, estimated at around [20-40]%. ([161]) The market investigation confirmed that there will remain a sufficient number of credible alternative suppliers of methanol to the EEA post-Transaction as explained in paragraph (52). Even if the Transaction results in a reduction of the number of competitors on the market, at least six credible competitors that are larger than or similar in size to OCI's Methanol Business will remain. Generally, the higher the number of firms, the more complex it is to reach a common understanding on the terms of coordination. ([162])

(84) *Second*, the market also presents structural features that mean that the EEA market for methanol is an unstable environment for coordination. Notably, there is overcapacity as explained in more detail in paragraph (59) , which means that suppliers are likely incentivised to seek to increase their sales to customers. Moreover, there are low transportation barriers, which facilitate arbitrage opportunities across regions, including from outside the EEA. Other suppliers

([154]) Questionnaire to Customers, question D.B.3.3.
([155]) Form CO, paragraphs 292-293.
([156]) Form CO, paragraphs 328-334 and Annex 9.1-C, page 6, and minutes of a call with a market participant, 17 March 2025, paragraph 18.
([157]) Questionnaire to Competitors, question D.B.5.1.
([158]) Form CO, paragraphs 290-291.
([159]) *Ibid*.
([160]) Questionnaire to Customers, questions D.A.9.1 and E.1, and Questionnaire to Competitors, question E.3.1.
([161]) See Table 1 above.
([162]) See Horizontal Merger Guidelines, paragraph 45.

established outside the EEA are capable of credibly supplying customers in the EEA through imports as explained in paragraph (58), meaning that suppliers across various regions would need to participate in coordination in order for it to be effective.

(85) *Third,* suppliers of methanol in the EEA have asymmetrical characteristics in terms of production capacities, cost structures, and geographic footprints. ([163]) Customers in the EEA can not only purchase methanol from suppliers based in the EEA (c. 1 557 kt of methanol was produced in the EEA in 2023), ([164]) but also often turn to imports from various regions including most notably Latin and Central America (2 183 kt in 2023), Africa (1 648 kt), and North America (1 235 kt). ([165]) Across these regions, suppliers' costs are likely to vary in line with various aspects such as feedstock costs and the costs of transporting methanol to Europe. ([166]) Such differences between suppliers are likely to limit their incentives to coordinate. Moreover, the Transaction does not materially increase symmetry among suppliers, rather it appears to reduce symmetry (by leading to Methanex having an even larger production capacity than its competitors).

(86) *Finally*, there is no indication that OCI's Methanol Business acted as a pricing maverick firm that would have exerted a disproportionate competitive constraint on other market participants, including Methanex. In particular, no customers responding to the market investigation identified OCI's Methanol Business as the most price competitive supplier of methanol to the EEA (in fact, respondents named various suppliers without a clear consensus for the most competitive supplier, reflecting the competitiveness of the market). ([167])

(87) In light of these structural features, post-Transaction, it is unlikely that the market for the supply of methanol would be one where it is straightforward for suppliers to reach and sustain a common understanding regarding pricing.

5.3.2.4. Market transparency and the ability to monitor deviations

(88) While methanol is a homogenous product and Reference Prices are published both by PRAs such as ICIS and Argus and by suppliers like Methanex, transparency regarding actual transaction prices remains limited in the EEA. Accordingly, it would be difficult to detect any deviation from attempted coordination. Moreover, there are factors indicating that suppliers would in fact be incentivised to deviate in order to increase their sales.

(89) *First*, as described in paragraphs (71)-(81) above, Reference Prices do not serve as effective price ceilings; rather, they act as starting points for bilateral (confidential) negotiations between suppliers and customers and constitute only one element of prices in supply contracts. Contractual Discounts in Europe are substantial (for the Parties, they typically range between [significant discount]) and are negotiated individually based on a range of commercial factors such as […]. ([168]) These Contractual Discounts are confidential and vary significantly across customers and over time, obscuring actual transaction prices that remain confidential. The increasing divergence between Reference Prices and actual

([163]) Questionnaire to Competitors, question B.4.
([164]) Form CO, Table 5.
([165]) Form CO, Table 1.
([166]) Form CO, Table 2 and paragraph 109.
([167]) Questionnaire to Customers, question D.A.8.
([168]) Questionnaire to Customers, question D.B.3.1.

(realised) transaction prices, which widened from […] in 2019 to […] in 2024 ([169]), and is expected to reach […] in 2025 ([170]), confirms that actual transaction prices are highly individualised and opaque. This is supported by the Parties' internal documents reporting actual transaction prices charged to customers. ([171]) Consequently, market participants would face considerable difficulty in establishing a common understanding of prevailing prices.

(90) For completeness, the fact that suppliers purchase methanol on a spot basis from other methanol suppliers does not mean that actual transaction prices are transparent. Approximately […] of Methanex's volumes sold in the EEA in 2024 and […] of OCI's Methanol Business' volumes sold originated from purchases from third parties on a spot basis. ([172]) Spot Reference Prices are public, but Methanex submits that they do not reveal any information about the level of Contractual Discounts offered by methanol suppliers to customers. ([173]) This claim is supported by data submitted by the Parties. This data shows that at an overall, aggregated level there was some correlation between Methanex and OCI's Methanol Business' actual transaction prices and the prevailing spot Reference Prices in the EEA between 2022-2024. ([174]) [Confidential details on Parties' observations on customers' pricing in comparison to spot prices]. [Confidential details relating to prices paid by customers of Methanex]. ([175]) Therefore, spot Reference Prices, and purchases on a spot basis between suppliers do not appear to give transparency into Contractual Discounts or actual realised prices.

(91) *Second*, as described in paragraphs (71)-(81)above, customer pricing formulae can be complex and include other elements beyond just one Reference Price and a Contractual Discount. A customer's precise contractual formulae and terms are confidential and bilaterally negotiated, further contributing to a lack of transparency for actual transaction prices.

(92) *Third*, and in the same vein, Methanex's publication of its own Reference Prices does not give insights into its actual transaction prices. Methanex's Reference Prices are based on [Confidential details on setting of reference prices by Methanex]. [Confidential details on Methanex's contractual arrangements with customers] (see paragraphs (71)-(77)). This means its actual transaction price is not revealed by its publication of Reference Prices.

(93) *Fourth,* the timing of Reference Prices does not suggest existing coordination. Multiple independent PRAs publish distinct reference prices using different methodologies and at different times. Methanex's publication of Reference Prices is not aligned with those of ICIS or Argus in Europe. ([176]). Methanex updates its European Reference Prices quarterly, while European spot Reference Prices are published weekly, and PRA Reference Prices for Europe are published

([169]) Form CO, Annex 9.1-C, [Internal documents of Methanex].
([170]) Minutes of the call with a market participant, 17 March 2025, paragraph 23. OCI's Methanol Business' internal document, [Internal documents of Methanex], submitted as an Annex 9.1-H-1 to the Form CO.
([171]) For instance, Form CO, Annex 9.1-G-5, slide 20.
([172]) Form CO, paragraphs 421-422.
([173]) Form CO, paragraph 297.
([174]) Form CO, Figure 16. Albeit this correlation is not consistent, as the average aggregated actual transaction prices were sometimes higher and sometimes lower than the prevailing spot Reference Prices.
([175]) Form CO, Figures 19 and 20.
([176]) Form CO, paragraphs 262-273.

quarterly. ([177]) Therefore, there is no systematic synchronisation in the publication of reference prices.

(94) *Fifth,* the Transaction does not materially increase transparency in actual transaction prices in the EEA. It is possible that once OCI's Methanol Business becomes part of Methanex, Methanex may factor in supply and demand factors affecting OCI's Methanol Business in determining Methanex's Reference Price and OCI's Methanol Business' contracts may increasingly use Methanex's Reference Price. ([178]) This could make Methanex's Reference Price more widespread/representative (given the larger market share it represents). Nevertheless, the merged entity's market position will remain relatively modest and supply will be fragmented in the EEA, as described above. Moreover, ICIS and Argus (and others, such as MMSA) will continue to be independent sources of Reference Prices in Europe. [Confidential details on Methanex's submission of prices to ICIS or Argus] as explained in paragraph (75). […]. ICIS' Reference Prices are the most commonly used in Europe, and PRAs seek to ensure the objectivity and representativeness of their Reference Prices as explained in paragraph (75). The market investigation suggested that the data integrity of PRAs' Reference Prices would not be affected by the Transaction. ([179])

(95) *Sixth*, the Transaction does not create additional structural links that increase transparency in actual transaction prices in the EEA. Methanex does not own any interests in other suppliers of methanol ([180]) and, likewise, other methanol suppliers do not own stakes in Methanex. ([181]) OCI's Methanol Business does not have any shareholdings in other suppliers of methanol. OCI's Methanol Business owns a 50% shareholding in Natgasoline, a US-based methanol production joint venture between OCI's Methanol Business and Valenz; this stake will be transferred to Methanex as part of the Transaction. ([182]) This joint venture does not market or sell methanol itself, rather it produces methanol which the joint venture partners then receive pursuant to an offtake agreement. ([183]) While this joint venture may give Methanex some insight into a part of Valenz' production and cost base, there are protections in place to avoid that pricing information be shared between partners in the context of this joint venture. ([184]) Accordingly, this joint venture is unlikely to increase transparency of actual transaction prices in the EEA.

(96) *Finally*, contractual arrangements between suppliers and customers are typically negotiated on an annual basis as explained in paragraph (71). This creates periodic opportunities for suppliers to compete aggressively for large-volume or high-margin contracts. [Confidential details on Methanex's contractual arrangements with customers] and the same is true for at least one supplier responding to the market investigation. ([185]) This suggests that a supplier may gain significantly from deviating from coordination at the right moment, and it would be another

([177]) See paragraph (75) above.
([178]) This possibility was raised by some respondents to the market investigation (Questionnaire to Competitors, question F.1 and Questionnaire to Customers, question F.1).
([179]) Minutes of a call with a market participant, 17 March 2025, paragraph 21.
([180]) Form CO, paragraph 70.
([181]) Methanex is a publicly traded company with a widely dispersed shareholder base. The Parties are not aware of methanol supplier holding shares in Methanex. Response to RFI 8, question 9.
([182]) Form CO, paragraphs 69 and 76.
([183]) Form CO, paragraph 200.
([184]) Response to RFI 8, question 10.
([185]) Form CO, paragraph 230, and Questionnaire to Competitors, question D.B.10.

year before the original supplier(s) could win back the lost volumes. Purchasing processes are competitive and give opportunities for multiple suppliers to participate – the Notifying Party estimates that approximately [a significant proportion] of volumes sold are on the basis of formal tendering or requests for proposal and [Confidential details relating to customer behaviour]. ([186]) For the reasons set out in the previous paragraphs, any such deviation by offering higher Contractual Discounts (or other improved contract terms) would not be known to competitors.

(97) As described in Section 5.2.2 above, the market for the supply of methanol in the EEA will remain competitive post-Transaction. Accordingly, the Transaction does not materially affect suppliers' incentives to deviate from coordination.

(98) In light of the foregoing, post-Transaction, the market for the supply of methanol in the EEA is unlikely to be transparent as regards the actual transaction prices (or, notably, Contractual Discounts) and suppliers are likely to be incentivised to deviate from coordination in order to increase their sales.

5.3.2.5. Deterrence mechanisms

(99) There are reasons to consider that market conditions for the supply of methanol to the EEA do not support the existence of effective deterrence mechanisms that could sustain coordination over time.

(100) In particular, contracts are typically annual and (at least in the case of some suppliers) tend to be renegotiated towards the end of the year, meaning that suppliers wanting to respond to deviation may need to wait a year before being able to effectively respond. ([187]) Moreover, it may be challenging to target one particular supplier with retaliation, given that customers tend to multi-source and seek quotes from multiple suppliers. It is unclear to what extent it would be credible for suppliers to enter into a price war as a form of retaliation or deterrence, given that the EEA market for the supply of methanol is overall competitive and prone to competitive pressure from imports as explained in paragraph (25), meaning that once prices stabilise, it is not obvious that losses could be recouped. The market investigation and evidence on file did not provide any reason to consider the Transaction would increase the effectiveness of any deterrence mechanisms.

(101) The Commission does not, however, need to conclude as to whether the threat of future retaliation in this case would be sufficient to sustain a coordinated strategy. This is because market features do not support the possibility of reaching terms of coordination (Section 5.3.2.3), the relevant market is not transparent and it would not be feasible to monitor deviations (Section 5.3.2.4), the reactions of outsiders could jeopardise coordination (Section 5.3.2.5), and the Transaction does not materially increase the likelihood of coordination (as explained in these Sections).

5.3.2.6. Reactions of outsiders

(102) The reaction of non-participating firms and customers is likely to jeopardise the results expected from an attempted coordination on prices, for the following reasons:

([186]) Form CO, paragraphs 228 and 393.
([187]) As explained in paragraphs (71) and (96) above.

(103) *First*, suppliers to the EEA have varying production cost structures and are located across diverse regions – including Latin and Central America, Africa, and North America, as well as in Europe – ([188]) leading to different economic incentives and price sensitivities. These asymmetries in costs and geographic positioning further reduce the likelihood that these suppliers would find it rational or even feasible to align with a coordinated pricing strategy. Instead, such differences encourage active competition and opportunistic pricing behaviour, which could significantly disrupt any attempt at coordination.

(104) *Second*, in the market investigation, customers in the EEA confirmed they have the ability to switch suppliers, including turning to imports from regions outside the EEA. Indeed, in 2023 alone, a substantial proportion of methanol consumed in the EEA came from imports routes ([189]) that are supported by low transportation barriers, which facilitate arbitrage and make it economically viable for overseas suppliers to redirect product into the EEA if prices rise. As such, the ability of customers to credibly threaten to switch to non-EEA sources in the face of coordinated price increases poses a serious constraint on the sustainability of any coordinated outcome. This threat of switching suppliers creates downward pressure on prices and undermines the stability of any collusive arrangement.

(105) *Third*, customers for methanol in the EEA are generally large, sophisticated buyers such as LyondellBasell or Evonik, who are well-positioned to exploit any deviation from coordination. ([190]) Contracts for methanol supply are typically negotiated on an annual basis ([191]) which gives customers regular opportunities to assess market conditions and engage multiple suppliers. This structure not only facilitates competition but also means that large-volume or strategically timed orders could be used to entice suppliers to deviate from a coordinated strategy in exchange for a significant commercial gain. Moreover, customers have been shown to be highly effective negotiators, securing substantial Contractual Discounts ranging from […] ([192]), depending on volume, location, and other terms. It may also be possible for customers to offer longer-term contracts to induce defection from any coordinated price strategy. These dynamics make customers an active force that undermines coordination rather than passively accepting market outcomes.

(106) *Finally,* as discussed above, OCI's Methanol Business does not act as a maverick exerting disproportionate downward pressure on prices. ([193]) The market investigation found no evidence that OCI's Methanol Business was perceived by customers as a price-aggressive supplier; rather, respondents identified a variety of firms with no clear consensus of the most price competitive one. ([194]) This is consistent with the conclusion that the methanol market is competitive and not dependent on any one player to maintain pricing pressure. Consequently, the removal of OCI's Methanol Business as an independent competitor is unlikely to significantly change the likelihood that outsiders—whether competing suppliers or customers—would challenge or destabilise any coordinated market behaviour.

([188]) See paragraph (85) above.
([189]) See paragraph (58) above.
([190]) Form CO, paragraph 232, and Questionnaire to Competitors, question D.B.5.
([191]) Form CO, paragraph 232.
([192]) See paragraph (89) above.
([193]) See paragraph (86) above.
([194]) *Ibid.*

(107) In light of the foregoing, post-Transaction, coordination is unlikely to be stable in view of the likely reaction of outsiders.

5.3.3. Conclusion

(108) In conclusion, the Transaction is unlikely to increase the likelihood that suppliers of methanol in the EEA are able to coordinate their behaviour. This is because market features do not support the possibility of reaching terms of coordination (Section 5.3.2.3), the relevant market is not transparent and it would not be feasible to monitor deviations (Section 5.3.2.4), the reactions of outsiders could jeopardise coordination (Section 5.3.2.5), and the Transaction does not materially increase the likelihood of coordination (as explained in these Sections).

(109) In light of the foregoing, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market from the risk of coordinated effects with respect to the supply of methanol in the EEA.

6. CONCLUSION

(110) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Teresa RIBERA
Executive Vice-President