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Common Market for Eastern  
and Southern Africa

21 January 2025

CCC Merger Inquiry Notice No. 3 of 2025

## **Notice of Inquiry into the Proposed Acquisition of Covestro AG by ADNOC International Germany Holding AG**

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It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations regarding the Proposed Acquisition by ADNOC International Germany Holding AG (“**ADNOC**” or the “**Acquiring Firm**”) of Covestro AG (“**Covestro**” or the “**Target Firm**”), intends to embark on an inquiry in terms of Article 26 of the Regulations.

The parties have submitted that ADNOC is an indirectly wholly owned subsidiary of ADNOC P.J.S.C. ADNOC is ultimately owned by the Government of the Emirate of Abu Dhabi. ADNOC is, however, a commercially autonomous entity that is governed by its own board of directors and, in particular, its executive management team. The ADNOC Group is an energy and petrochemicals group operating across the entire hydrocarbon value chain through a network of fully integrated businesses. ADNOC is principally active in the exploration, production, storage, refining, and distribution of oil and gas, as well as in the development of petrochemical products. In the Common Market, ADNOC operates in Burundi, Comoros, the Democratic Republic of Congo (“**DRC**”), Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

The parties have submitted that Covestro is a publicly listed company incorporated under the laws of Germany, having its corporate seat in Leverkusen Germany. Covestro’s shares are listed inter alia on the regulated market of the Frankfurt Stock Exchange. The Target Firm is a chemical producer active in the manufacturing of chemical intermediates, chemical building blocks, and chemical end-products. Covestro operates in two broad segments: (i) Performance Materials, including standard urethane components (i.e., including methylene diphenyl diisocyanate, toluene diisocyanate and polyether polyols), standard polycarbonates and the base chemical businesses; and (ii) Solutions and Specialties, which includes engineering plastics, raw materials for coatings and adhesives, tailored urethanes, thermoplastic polyurethanes, specialty films and elastomers. In the Common Market, Covestro operates in Burundi, DRC, Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

The notified transaction concerns the proposed acquisition of up to 100% of the share capital of Covestro by ADNOC.

The parties submitted that this transaction provides ADNOC with an opportunity to achieve further vertical diversification of ADNOC's portfolio and revenue streams. In particular, ADNOC considers Covestro to be a strong fit for ADNOC's 2030 strategic goals for numerous reasons, including its compelling strategy in circular economy solutions with its highly experienced management team and dedicated workforce. Covestro is envisioned to become the foundational platform for ADNOC's Performance Materials and Specialty Chemicals business, and ADNOC is convinced of Covestro's strategic perspective and its vision to become fully circular.

The parties further submitted that the transaction will provide Covestro with the opportunity and support to (i) accelerate the implementation of its corporate strategy, (ii) accelerate its sustainability focused growth plans in line with its business plan in various strategic markets, and (iii) realize its high ambitions in the areas of circularity, digitalization and transformation. ADNOC echoes Covestro's belief that embracing the circular economy and decarbonization are core objectives and ADNOC is keen to significantly invest to support Covestro's strategy and continuously support it in innovative solutions to enable these objectives.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction is or would be contrary to the public interest as provided for under Article 26 of the Regulations.

In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: [sbundhun@comesacompetition.org](mailto:sbundhun@comesacompetition.org). All written representations should be sent to the Commission not later than **11 February 2025**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Ms. Sunjida Bundhun, Principal Analyst, Competition Division** on Tel: +265 (0) 111 772 466 or [sbundhun@comesacompetition.org](mailto:sbundhun@comesacompetition.org).

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.