



Egypt's ECA Imposes Remedies on Heidelberg's Minority Stake in Zerocarbon

Client briefing | ECA imposes Remedies on Heidelberg's Acquisition of Zerocarbon
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Since Egypt amended its merger control rules in 2022, notifiable transactions must be cleared before completion and are subject to suspensive effect. In October 2024, the Egyptian Competition Authority (ECA) issued its first conditional approval and has now approved another transaction involving businesses with certain commitments.

On 25 September 2026, the ECA conditionally approved Heidelberg Materials – Suez Cement (Heidelberg Materials Suez S.A.E.) (Heidelberg) acquiring a 36.4% shareholding in Zerocarbon for Sustainable Development (Zerocarbon). Zerocarbon produces refuse-derived fuel (RDF), a solid alternative fuel used in cement producers' kilns as a replacement for fossil fuel

What the ECA was worried about

As reported, the ECA's decision describes the remedies but gives little detail on the competition issues. From the commitments, the ECA's main concern appears to have been the vertical link between the two parties: Zerocarbon supplies RDF, and Heidelberg is one of its customers. The worry is that, by holding a stake in Zerocarbon, Heidelberg could receive preferential treatment, such as first access to RDF or better prices. This may limit other competitors' access to this critical raw material.

The remedies

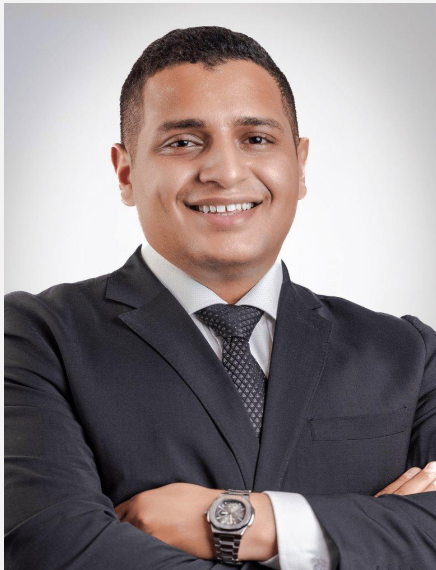
As a solution, the parties offered the following commitments:

- Cap on supplies to Heidelberg. Zerocarbon may sell no more than 80% of its RDF output to Heidelberg. The remaining 20% must go to third parties on fair, reasonable and non-discriminatory terms.
- No special discount. Zerocarbon must not grant Heidelberg a 15% discount on the third tranche, which represents 10% of the RDF volume supplied to Heidelberg.
- Annual reporting. Zerocarbon must report to the ECA each year on its total RDF production and sales. The report must identify each customer, the volume sold to it, the selling prices, the percentage and value of any discounts granted, and the RDF specifications as measured by calorific value.
- No fixed end date. The supply controls remain in force until the ECA exempts the parties from all or part of the obligations. The ECA may grant an exemption only when an existing competitor or new entrant offers solid RDF equal to at least 20% of Zerocarbon's actual annual production. The RDF must meet quality specifications comparable to Zerocarbon's "Standard RDF", with a calorific value between 3,000 and 3,500 kcal/kg.

The controls have no fixed end date. The parties will remain bound by the terms until the ECA grants an exemption, which will require proof that independent supply of RDF has reached the 20% mark. Because the exemption threshold is tied to Zerocarbon's annual production levels, the target rises whenever Zerocarbon produces more. In summary, the decision does not clarify the third tranche or on whether the 20% third-party supply should be actualized.

What this means for businesses

The decision shows that the ECA may review minority stake acquisitions under the pre-closing merger control regime. It may also impose access, pricing and reporting obligations on a vertical relationship. Businesses investing in suppliers or customers — particularly in energy-intensive sectors and alternative fuels — should assess their merger control exposure early. Failure to comply with a conditional clearance may result in a fine of between 1% and 10% of the combined annual turnover, combined assets or value of the transaction concerned.



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