

The CNMC fines Rheinmetall AG 13 million euros for providing misleading information regarding its merger with Expal Systems S.A.

- The military armaments company notified the acquisition of Expal, which was approved in February 2023.
- Rheinmetall concealed information—when notifying the transaction—about the companies' activity in the nitrocellulose and wet pulp markets.
- In addition, it provided incomplete and misleading information in the run-up to the initiation of the infringement proceedings.
- These practices constitute two serious infringements of the Spanish Competition Act.

Madrid, 14 May 2024.- The CNMC has fined the military armaments company **Rheinmetall AG** 13 million euros for two serious infringements of the Spanish Competition Act (Ley de Defensa de la Competencia): concealing information when notifying the acquisition of Expal Systems and failing to cooperate with the CNMC by providing misleading information during the investigation prior to the opening of these infringement proceedings ([SNC/DC/081/23](#)).

Rheinmetall, the parent company of the Rheinmetall Group, which operates five divisions (vehicle systems, weapons and ammunition, electronic solutions, sensors and actuators, and materials and trade), [notified in February 2023](#) the acquisition of Expal Systems, a Spanish global defence and security company offering high-end technological solutions for the military.

The CNMC cleared the transaction in Phase I of the merger control procedure. However, following an appeal by a customer of the parties to the Spanish National High Court, the Commission became aware that the information provided by Rheinmetall, on the basis of which the merger was analysed, may have been incomplete and misleading.

Market investigation

The CNMC opened a preliminary investigation to check whether Rheinmetall had omitted in the notification that the merger affected several markets—manufacture and marketing of nitrocellulose, nitroglycerine and wet pulp—and whether the information it provided was misleading. In January 2024, the CNMC initiated infringement proceedings against the company ([SNC/DC/081/23](#)).

Following the investigation of the case, Rheinmetall was found to have committed two serious infringements of the Spanish Competition Act:

Omission of information

Rheinmetall obstructed the work of the CNMC by omitting and providing misleading information in the [notification form](#), which requires providing information on the goods or services marketed by each of the undertakings involved in a merger.

Rheinmetall, and particularly Expal, were active in the markets for the sale of nitrocellulose and wet pulp (made of nitrocellulose and nitroglycerine), but failed to identify them as affected markets.

Failure to cooperate in response to an injunction

Rheinmetall failed to comply with its duty to cooperate with the CNMC, when it was required to provide information on its activity in the nitrocellulose and wet pulp markets, during the investigation prior to the initiation of the infringement proceedings.

The information it provided was incomplete and misleading, implying that Rheinmetall was much less active in these markets than it actually is.

Serious infringements and fines

Article 62.3.c) of the Spanish Competition Act states that the work of the CNMC is obstructed when, among other cases, the information submitted to the Commission is misleading or incomplete.

Such obstruction applies to Rheinmetall's actions: (i) in the first case, it failed to provide the necessary and mandatory information in the notification form, and some of the information provided in the form was misleading; (ii) in the second case, Rheinmetall provided incomplete information in response to the Competition Directorate's injunction of 26 July 2023.

These are serious infringements covered by Article 62.3.c) of the Spanish Competition Act, which provides for the imposition of a fine for each infringement of up to 5% of the total turnover of the infringing company in the financial year immediately preceding the year in which the fine is imposed.

Accordingly, two fines of 6,500,000 euros each (13 million euros in total) have been imposed on Rheinmetall (one for each infringement).

An administrative appeal may be lodged directly with the Spanish National High Court against this decision within two months from the day following its notification.

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- [C/1368/23](#): Rheinmetall/Expal
- [Press release](#) (13/03/2023): The CNMC cleared eight mergers in February
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