

The Belgian Competition Authority approves the creation of Waterunie Operator by De Watergroep and Farys, under conditions

On 15 July 2025, the Belgian Competition Authority ("BCA") approved the creation of the joint venture Waterunie Operator by De Watergroep and Farys, subject to certain conditions. From 1 January 2026, Waterunie Operator will be responsible for all operational activities of both companies. Infrastructure and customer relations will remain with the respective parent companies, in accordance with the applicable regulatory framework.

De Watergroep and Farys are both integrated public water supply companies active in the production and distribution of tap water and the management of sewer networks. De Watergroep operates in 177 Flemish municipalities for tap water distribution and in 25 municipalities for sewer system management. Farys supplies tap water to 58 municipalities and 3 port companies and manages sewers in 50 municipalities and for 2 port companies.

Given that De Watergroep and Farys hold a natural monopoly in tap water distribution and wastewater management in their respective territories, there is no actual geographical overlap between their activities. The concentration was therefore investigated for potential competition concerns at the time of the renewal of water distribution and wastewater management concessions. However, evidence suggests that switching occurs very seldom and that the scope for competition is very limited given the strict applicable regulatory framework and the continuous oversight by the Flanders Environment Agency (VMM) and, starting from 1 January 2026, the Flemish Utility Regulator (VNR). Therefore, the BCA found that the concentration does not constitute a significant impediment to effective competition in the Belgian water supply and wastewater management markets.

De Watergroep and Farys are also active in industrial water management: De Watergroep through its subsidiary Azulatis, and Farys via a dedicated business unit. Both entities offer *water as a service* solutions, including the design, construction, financing, operation and maintenance of water treatment plants based on full or partial DBFMO-models (*Design, Build, Finance, Maintain, Operate*). Industrial companies with significant water consumption rely on these services to optimise internal water flows, provide process water, or reuse wastewater in their production processes. In the operation of these water treatment facilities, industrial customers can require tap water from water supply companies as input or backup water. Municipal water management and industrial water management are thus closely interconnected activities.

The BCA therefore also investigated the possible conglomerate effects of the concentration. In that context, serious doubts arose about the compatibility of the transaction with the preservation of effective competition due to the risk of exchanges of commercially sensitive information between the entities responsible for the tap

water distribution activities on the one hand and the entities in charge of the industrial water activities on the other hand. These doubts were communicated to the parties, which then offered commitments to address the likely anticompetitive effects.

These commitments consist of a ban on the exchange of commercially sensitive information between the parties and Azulatis, combined with the necessary governance measures, contract management safeguards, and rules on commercial referrals in order to ensure the effective implementation thereof. The commitments are binding for a period of ten years and will be monitored by an independent third party, with annual reporting to the BCA. Six months before the end of the ten-year period, the BCA will decide whether an extension of all or part of the commitments is necessary.

Following a detailed assessment and a market test, the BCA found the commitments sufficient to eliminate competition concerns and therefore approved the transaction.

The decision will soon be available on the BCA's website.

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The Belgian Competition Authority (BCA) is an independent administrative authority that contributes to the definition and implementation of competition policy in Belgium. Concretely, the BCA pursues anti-competitive practices, such as cartels and abuses of a dominant position, and reviews the main merger operations. The BCA cooperates with the other competition authorities of the member states of the European Union and the European Commission within the European Competition Network (ECN)