OFFSHORE TECHNOLOGY · SUBSEA

EC Opens In-Depth Probe into Saipem and Subsea 7 Merger

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The European Commission has launched a detailed investigation into the proposed merger between Saipem and Subsea 7, two of the world's largest offshore engineering and construction services providers. The in-depth probe signals that the EC has identified potential competition concerns that require closer scrutiny before any approval can be granted.

Saipem and Subsea 7 are both major players in the global subsea market, offering overlapping services across pipeline installation, subsea infrastructure, and offshore engineering and construction. A combined entity would represent a significant concentration of capacity and expertise in a sector where a relatively small number of large contractors compete for major deepwater and shallow-water contracts worldwide, including across Sub-Saharan Africa.

For the African market specifically, both companies have active project footprints across key producing basins. A merger, if ultimately approved, would consolidate subsea installation capacity and potentially reshape how contracts are structured, priced, and awarded across the region. Conversely, a blocked or significantly conditioned merger could preserve the current competitive dynamics, keeping both firms as independent bidders on major offshore tenders.

The EC's decision to escalate to a Phase II investigation — the more detailed of the two-stage EU merger review process — suggests that initial review raised unresolved questions about market dominance, particularly in specific service segments or geographic markets. Phase II investigations can take several additional months and may result in approval with remedies, conditional approval requiring asset or business divestitures, or outright prohibition.

For the broader offshore services industry, the outcome carries considerable strategic weight. If the merger proceeds, the combined company would command substantial engineering resources, vessel fleets, and project execution capacity. Competitors and clients alike will be watching closely, as the result could influence how future large-scale subsea contracts are structured and whether smaller or mid-tier contractors gain opportunity in markets previously dominated by these two firms. Norwegian service companies operating in the subsea space should monitor this process carefully, as the regulatory outcome will directly shape the competitive landscape they operate within across Sub-Saharan African offshore projects and globally.

Why this matters to partners and clients of Saga

Norwegian subsea contractors and equipment suppliers should monitor this investigation closely, as the outcome will directly affect the competitive structure of the subsea EPCI market — including across West and East African offshore basins where Saipem and Subsea 7 are active. If the merger is blocked or conditioned on divestitures, Norwegian firms may find expanded opportunities to partner with or compete against two independent, potentially repositioned contractors. If approved, the combined entity's procurement and subcontracting strategies may shift, creating both risks and openings for Norwegian suppliers.

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- **Subsea:** Monitor Phase II outcome closely — a blocked or conditioned merger could reopen competitive space on African subsea EPCI tenders where Saipem and Subsea 7 currently dominate.

- **FPSO:** A merged entity may rationalise or divest certain offshore construction assets, potentially creating partnership or acquisition opportunities for Norwegian FPSO-focused firms.
- **Drilling:** Shifts in subsea contractor consolidation can influence integrated project delivery models; drilling companies should assess how a combined Saipem-Subsea 7 might bundle or unbundle services on African projects.
- **Pipeline:** If remedies require business or asset divestitures in pipeline installation, Norwegian pipeline contractors should position themselves to absorb capacity or talent that may come to market.
- **Service:** Subsea equipment and technology suppliers should assess existing framework agreements with both companies and prepare for potential procurement restructuring if the merger proceeds under conditions.

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