

EU orders US biotech firms to unwind \$7 bn merger

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The European Commission on Thursday ordered US biotech giant Illumina to unwind its \$7 billion purchase of cancer test pioneer GRAIL that it argues stifles competition in a key emerging public health domain.

Brussels had previously ordered a halt to the tie-up, but the American firm went ahead with the deal, which has also been challenged by the US Federal Trade Commission.

"Today's decision restores competition in the development of early cancer detection tests," said Commissioner Didier Reynders in a news release outlining "restorative measures" to undo the transaction.

"These tests could represent a breakthrough in our fight against cancer," Reynders said, adding that ordering Illumina to restore GRAIL's independence ensures a "level playing field in this crucial market to the ultimate benefit of European consumers".

An Illumina spokesperson said the company "is currently reviewing the divestment order from the European Commission."

Illumina had been anticipating the order since the commission's prior decision in September 2022.

The company has complied with an earlier EU interim order to keep Illumina separate while the legal fight is resolved, according to a person familiar with the situation.

In its statement, the EU regulator warned it could impose penalty payments of up to five percent of the group's daily turnover and fines of up to 10 percent of the merged firm's annual global turnover.

Illumina has maintained that the commission has no jurisdiction on the matter because GRAIL operates in the United States and Britain and not in EU member states. The company has appealed the matter to the European Court of Justice.

The commission said divestment measures must restore GRAIL's

independence prior to the merger; ensure that the company is "as viable and competitive after the divestment" as before the deal; and that the process be executed "within strict deadlines".

In July 2023, the commission fined Illumina 432 million euros for having undertaken the deal before its approval "in breach of EU merger control rules".

Illumina has set aside reserves for the fine, but "believes that the fine is unlawful, inappropriate, and disproportionate, and is appealing the decision", the company said in August.

Shares of Illumina fell 2.3 percent in late-morning trading.

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