



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**


**IN THE MATTER OF**

**FIRST PHASE REVIEW**

**JOINT VENTURE AGREEMENT BETWEEN OMYA  
SINGAPORE PTE LIMITED AND PACKAGES LIMITED**

**CASE: 808/Merger-CCP/16**

Commission

Mr. Shahzad Ansar   
Member

  
Mr. Ikram Ul Haque Qureshi  
Member



# ORDER

## I Background

1 On 2<sup>nd</sup> May 2016, the Omya Singapore Pte. Limited, submitted a pre-merger application (the "application") to the Commission, notifying the Joint Venture agreement between Omya Singapore Pte. Limited ("Omya") and Packages Limited ("Packages") ("Joint Venture Parties") to form a joint venture company by the name of CalciPack (Private) Limited ("JV Company") , along with the applicable processing fee and necessary information in accordance with the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

## II Joint Venture Parties

### Party no 1

2 Omya is incorporated in Singapore with limited liability. The principal activities of the company are those of investment holdings, the company is also a global producer of calcium carbonate and it is a worldwide distributor of industrial chemicals.

3 Omya had total assets valuing USD [REDACTED] (PKR [REDACTED]). Its turnover remained at USD [REDACTED] (PKR [REDACTED]) on 31<sup>st</sup> December 2013.<sup>1</sup>

### Party no 2

4 Packages, is a public listed company incorporated in Pakistan in 1957. It is principally engaged in the manufacture and sale of packaging materials and tissue products. The Company also holds investment in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, and companies engaged in insurance and real estate business.

5 Packages had total assets valuing PKR [REDACTED] on 31<sup>st</sup> December 2015. Its turnover remained at PKR [REDACTED] billion for the same period.

### JV Company

6 Omya and Packages have entered into a Joint Venture ("JV Partners"), pursuant to this Joint Venture agreement Packages has incorporated a wholly owned subsidiary in the name of CalciPak Limited ("JV Company/Target"). At present CalciPak is [REDACTED]% owned by Packages but after the execution of the Joint Venture agreement Omya will own [REDACTED]% stake in the Target and the name of CalciPak will be changed to OmyaPack (Private) Limited. The transaction will result in forming a [REDACTED] joint venture between Packages and Omya. The purpose of the JV Company is of producing and selling calcium carbonate based products for industrial applications



<sup>1</sup> During 2014 Omya Singapore Pte. Limited underwent major restructuring that triggered unexpected complexities in financial reporting and auditing and thus the undertaking is still in the process of preparing its latest financial accounts. Therefore 2013 accounts are treated as latest.

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in the paint, plastic, construction and paper & board applications and industries. The JV Company is inoperative and has nil turnover.

### III Transaction

7 The proposed merger is in the form of a Joint Venture in which pursuant to the Joint Venture Agreement Packages (JV Party no 2) has incorporated a private limited company with the name of CalciPack(Private) Limited (JV Company). After the consummation of the transaction both the parties to the JV will be having shareholding in the JV Company at the ratio of 50:50. The value of transaction is estimated to be up to USD 10 million (PKR 100 million) which is the expected cost of establishing a plant by the JV Company.

8 The transaction meets the notification thresholds prescribed in 4(2)(a)(b)(c) & (d) of the Merger Regulations by having acquirer's assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1 billion. The transaction value also exceeds PKR 100 million and percentage of share to be acquired exceeds 10% of the total shareholding of the target.

### IV Relevant Market:

9 The relevant market in this case is the Ground Calcium Carbonate (GCC/CaCO<sub>3</sub>) market. Omya is active in the relevant product market while Packages is not engaged in the same line of business. The chemical formulation of CaCO<sub>3</sub> refers to raw material that is commonly found in nature throughout the world. In spite of the plentiful deposits, only some of the deposits are of sufficiently high quality to provide the raw material for industrial and agricultural applications other than the construction and road building industries.

10 The main types of CaCO<sub>3</sub> used for producing ground calcium carbonate (GCC) are sedimentary (limestone or chalk) or metamorphic (marble), which are mined by both opencast and underground methods. Subsequently, in a screening process, mud and other contaminations are removed. Calcium carbonate is the most widely used mineral in the paper, plastics, paints and coatings industries both as a filler – and due to its special white color - as a coating pigment.

11 The Relevant Geographic market is Pakistan.

### V Findings of the Phase I investigation on the competition assessment

12 The competition assessment in Phase I have resulted in the following findings:

- In the proposed transaction a JV Company is established pursuant to the JV agreement between the JV Parties. The principal activity of the JV Company is to produce and sell calcium carbonate based products for industrial application in the paper, plastic and paint industry.

The relevant product and geographic market is fairly competitive with a number of market participants.



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- JV Party no 1 i.e Omya, along with its affiliates, is a participant of the relevant product and geographic market with a market share of 70%.
- JV Party no 2 i.e. Packages is not a participant of the relevant product and geographic market thus having nil market share.
- The JV Company is inoperative and has nil market share as well.
- The joint venture will bring international know-how, technology and standards in form of Omya being JV Party no 1. The current activity being carried out by Omya in the relevant geographic market is indirect in nature i.e. through commission agents. After the proposed transaction both JV Parties will operate in the relevant geographic market through the JV Company.
- Post merger there will be no change in the market dynamics of the relevant product and geographic market, therefore this merger in formation of a Joint Venture Company will not create or strengthen a dominant position in the relevant product and geographic market. The merger does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act.

VI Conclusion

13 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

14 It is so ordered.



(Shahzad Ansar)  
Member



(Ikram Ul Haque Qureshi)  
Member



Islamabad, 30<sup>th</sup> June, 2016