



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF ASSETS OF M/S. TRADE TACTS
INTERNATIONAL (PRIVATE) LIMITED BY M/S. KRONES PAKISTAN
(PRIVATE) LIMITED.

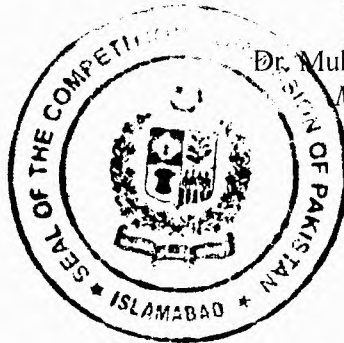
CASE: 1010/Merger-CCP/18

Commission

Ms. Vadiyya S. Khalil
Chairperson

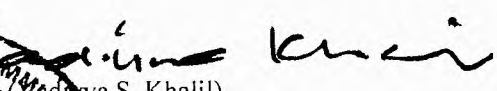
M. Jalil

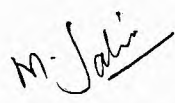
Dr. Muhammad Saleem
Member



ORDER

1. On 13th December 2018 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") through which M/s. Kronos Pakistan (Private) Limited ("**Acquirer**" or "**Applicant**") intends to acquire assets of M/s. Trade Tacts International (Private) Limited ("**Target**") pursuant to an Agreement of Sale of Assets. All the requisite information/documentation pertaining to the application was completed by the applicant on 28th May 2019.
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended acquisition has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Acquirer: Providing technical assistance and advice, after sales service and provision of equipment and spares parts of machinery used in liquid food and beverage industry.
 - b. For the Target: Soliciting orders of sale and supply of spare parts and provision of after sales services for machinery used in food and beverage industry for several foreign principals.
 - ii. The proposed transaction is an acquisition of spare parts, equipment, licenses, IP Rights, transfer of trained human resources and business records of the Target by the Acquirer. The relevant product market in this case has been identified as that of "**Provision of spare parts and after-sales services for high-speed bottling, filling and packaging lines in food and beverage market**" having a geographic market identified as of "**Pakistan**".
 - iii. In 2008, M/s. Kronos Aktiengesellschaft, Germany ("**KAG**" or "**Acquirer's Parent**") and the Target entered into a contract whereby KAG appointed the Target as its sole commercial agent in Pakistan for, inter alia, solicitation of orders for products sourced from KAG. The contract remained in full force and effect up till and through the year 2018.
 - iv. At present, the Target has a total of % market share in the relevant market, however, in regards to the Kronos brand, it holds less than % share in food and beverage market while approximately % share in filling lines of the beverage market. Post-transaction, the market position of KAG will remain unchanged as operations will be transferred from the Target to the Acquirer.
 - v. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

By 
(Syeda S. Khalil)
Member


(Dr. Muhammad Saleem)
Member

Islamabad the 28th JUNE, 2019.

