



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % SHAREHOLDING OF M/S BASF COLORS &
EFFECTS BY M/S. DIC CORPORATION

CASE: 1072/Merger-CCP/19

Commission

Ms. Vadiyya S. Khalil
Chairperson



ORDER

1. On 24th December 2019 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**") from M/s. DIC Corporation ("**DIC**" or "**Acquirer**") whereby it intends to acquire []% shareholding in M/s. BASF Colors & Effects ("**Target**"), pursuant to the Master Share and Purchase Agreement. All the requisite information/documentation pertaining to the application was completed by the applicant on 30th January 2020.
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 transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Acquirer: production and sale of a range of products to industrial users around the world including printing inks, organic pigments and synthetic resins
 - b. For the Target: production and sale of a range of pigments which are sold to a number of industries, including coatings, cosmetics, plastics, digital printing and agriculture
 - ii. The proposed transaction involves the Acquirer proposing to buy []% of the voting shares of the Target. The transaction consideration is EUR []/- (Approx. PKR [] as of February 06, 2020).
 - iii. The Target belongs to the relevant product market of "**Pigments Market**" having a geographic market identified as of "**Pakistan**". Based on the data supplied by the Applicant, in Pakistan the entities have three overlapping product areas namely Azo, Preparations and Phthalocyanine. The market shares are as follows:
 - a. In Pakistan, for Azo, Acquirer has a market share (in terms of volume) of only []%, while the Target has a market share of only []%. Post Transaction, the total combined share would be []%.
 - b. For Preparations, Acquirer and Target have negligible market shares (in terms of volume) of []% and []% respectively. Post Transaction, the total combined share would be []%.
 - c. For Phthalocyanine, Acquirer has a market share (in terms of volume) of only []%, while the Target has a market share of only []%. Post Transaction, the total combined share would be []%.
 - iv. 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. The applicant is also hereby instructed to submit an Exemption Application to obtain an exemption under Section 5 of the Competition Act, 2010 read with Regulation 4 of the Competition (Exemption) Regulations, 2014 for non-solicit and non-compete obligations.
4. 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.
5. It is so ordered.



(Vadiyya S. Khalil)

Chairperson

Islamabad the 24th MARCH, 2020.

(Dr. Shahzad Ansar)
Member