BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

FIRST PHASE REVIEW

TRANSFER OF SHAREHOLDING OF CLARIANT PAKISTAN (PVT) LIMITED BY CLARIANT (GULF) FZE TO CLARIANT PLASTICS AND COATINGS FZE.

CASE: 771/Merger-CCP/15

Commission

Ms. Vadiyya Khalil
**Chairperson**

Mr. Shahzad Ansar
**Member**

Mr. Ikram Ul Haque Qureshi
**Member**

# ORDER

I Background

1 On 8th December 2015, the Clariant (Gulf) FZE, through their Consultants RIAA Barker Gillette, submitted a pre-merger application to the Commission, notifying the transfer of shares of Clariant Chemical Pakistan (Pvt) Limited ("Target") by Clariant (Gulf) FZE to Clariant Plastics and Coatings FZE ("Acquirer"), along with the necessary information

II Merger Parties

2 **Acquirer**
Clariant Plastics and Coatings FZE ("Acquirer") is a company newly incorporated in UAE and will be engaged in trading in tannery and dying materials, ink and printing materials and plastic and nylon raw materials. Being, a newly incorporated company it has no turnover any where in the world. It has no presence in Pakistan.

3 **Target**
Clariant Chemical Pakistan (Pvt) Limited ("Target") was incorporated in Pakistan as limited liability company, on 19 February, 2013 under the Companies Ordinance, 1984. The Target Company is wholly-owned subsidiary of Clariant Gulf FZE, UAE, which is a group company of Clariant International AG, Switzerland. It is engaged in the manufacture of master batches and sale of chemicals, dyestuffs and pigments. The Target had total assets valuing PRR and turnover of for the year ended 31 December, 2014.

III Transaction

4 The proposed transaction is transfer of shares of the target from one undertaking to the other, within the same group, as a result of re-structuring within the group. At present the shares of the target are held by Clariant (Gulf) FZE, which will transfer the same to the Acquirer. There is no consideration to be paid, as the transaction is being contemplated within same group companies.

5 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b) & (d) by having their combined assets and combined turnover more than 1 billion rupees. The percentage of share to be acquired exceeds 10% of the total shareholding of the target.

IV Relevant Market

**Relevant product market**

6 The product market in this case is defined as trading in tannery and dying materials. The Target is having market share in master batches and market share in pigments and additives in Pakistan markets, while the Acquirer is newly incorporated company having no presence in any market in Pakistan. This is a case of just transfer of shares of the target from one company to another within same group.

**Relevant geographic market**

7 The is foreign to foreign transaction, but the Target exits in Pakistan, hence the relevant geographic market is Pakistan.

V **Findings of the Phase-I investigation on the competition assessment**

8 The competition assessment in Phase-I have resulted in the following finding:

a. The relevant market is the trading in tannery and dying materials. The target is engaged in the relevant market while the Acquirer is at present not doing any business, being newly incorporated entity. Post-merger the market share of both the merger parties will not change.

b. The proposed transaction involves transfer of shareholding of the Target one of the group company Clariant (Gulf) FZE to Clariant Plastics and Coatings. Acquirer is newly incorporated entity, and is having no presence in the relevant market, post-merger the market share will not change. Therefore, the transaction will not result in creation or strengthening of dominant position. The merger does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act. Moreover, both the merging parties are having the transaction between subsidiaries, which is exempt under Regulation 4A(i) of the Merger Regulations. However, they have urged the need of Commission's No Objection Certificate for their global compliance and restructuring strategies.

VI **Conclusion**

8 In conclusion, The merger does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act. Moreover, both the merging parties are having the transaction between subsidiaries, which is exempt under Regulation 4A(i) of the Merger Regulations. However, they have urged the need of Commission's No Objection Certificate for their global compliance and restructuring strategies. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

9 It is so ordered.

(Shahzad Ansar)
**Member**

(Ikram Ul Haque Qureshi)
**Member**

(Vadiyya Khalil)
**Chairperson**

SEAL OF THE COMPETITION COMMISSION OF PAKISTAN * ISLAMABAD *

**Islamabad 29th January , 2016**