



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % SHAREHOLDING IN M/S. SAUDI
BASIC INDUSTRIES CORPORATION BY M/S. SAUDI ARABIAN OIL COMPANY

CASE: 1036/Merger-CCP/19

Commission


Ms. Vadiyya S. Khalil
Chairperson




M. Jaleel
Muhammad Saleem
Member

ORDER

1. On 20th May 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") where M/s. Saudi Arabian Oil Company ("Acquirer" or "Applicant") intends to acquire % shareholding in M/s. Saudi Basic Industries Corporation ("Target") pursuant to a share purchase agreement.
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: Exploration, production and marketing of crude oil and, to a lesser extent, in the production and marketing of refined products and petrochemicals.
 - b. For the Target: A diversified manufacturing company, active in petrochemicals, chemicals, industrial polymers, fertilizers, and metals.
 - ii. The proposed transaction reflects acquisition of % shareholding in the Target by the Acquirer. The transaction falls in the relevant product markets of "Polyethylene" and "Polypropylene resins", with both having a geographic market identified as of "Pakistan".
 - iii. In the Polyethylene market, currently the Acquirer has a share of % while the Target has %. Post-transaction, the combined market share will be %.
 - iv. In the Polypropylene resins market, presently the Acquirer has a share of % while the Target has %. Post-transaction, the combined market share will be %.
 - 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.


(Vadiyya S. Khalil)
Chairperson


(Dr. Muhammad Saleem)
Member

Islamabad the 21st JUNE, 2019.

