

**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**


IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF 70% SHAREHOLDING OF M/S HASCOL PETROLEUM
LIMITED BY M/S VITOL DUBAI LIMITED.**

CASE: 793/Merger-CCP/16

Commission

Mr. Shahzad Ansar 
Member

Mr. Ikram Ul Haque Qureshi 
Member



ORDER

I Background

- 1 On 4th March 2016, Hascol Petroleum Limited ("Hascol") and Vitol Dubai Limited ("Vitol") through their authorized representative submitted a pre-merger application (the "Application"), notifying and seeking the approval of the Competition Commission of Pakistan (the "Commission") for the acquisition of % shareholding of Hascol by Vitol. The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the "Act") and the Competition (Merger Control) Regulations, 2007 (the "Merger Regulations"). The Commission's review of the proposed transaction is as under:

II Merger Parties

Acquirer

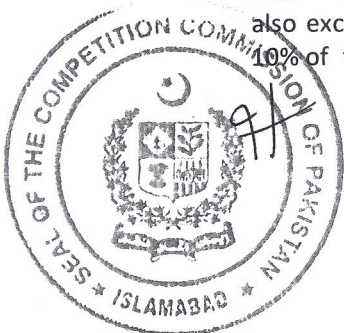
- 2 Vitol is an international oil trading company owned by the Vitol Group which is the world's largest independent energy trader. The company was incorporated in 2006 and is based in Dubai, United Arab Emirates. Vitol operates as a subsidiary of Vitol Holdings SARL. Vitol has so far not supplied any Petroleum, Oil and Lubricant (POL) related product to Pakistan, however, the Vitol Group has currently indirect presence in Pakistan by way of exporting petroleum products to different Oil Marketing Company (OMCs). Vitol Group has so far no shareholding in any OMC in Pakistan.

Target

- 3 Hascol Petroleum Limited is a public listed company incorporated in Pakistan on 28th March, 2001. Hascol is an OMC engaged in the business of purchase, storage, marketing and sale of refined petroleum products in Pakistan and Azad Jammu and Kashmir. The shares of the company are listed on the Pakistan Stock Exchange under the symbol "HASCOL". Hascol has a wholly owned subsidiary by the name of Hascombe Lubricants Private Limited. Hascol had total assets valuing : while its turnover remained at . 31st December 2014.

III Transaction

- 4 The proposed transaction entails the acquisition by Vitol of → shareholding in Hascol from its existing shareholders (the "Sellers"). The value of the transaction is deemed to be approximately .
- 5 The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the combined assets of the parties being more than PKR 1 Billion and combined turnover being more than PKR 1 Billion. The transaction value also exceeds PKR 100 million and the percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target.



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IV Relevant Market:

6 The relevant Product market in this case is the market for refined petroleum products with the relevant market players being OMCs operating in Pakistan.

7 The Relevant Geographic market is Pakistan.

V Findings of the Phase I investigation on the competition assessment

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

8 The proposed transaction would result in acquisition of % shareholding of Hascol by Vitol. Post-transaction, Vitol will achieve presence in the Pakistani market through an OMC.

9 The acquisition would lead to increased efficiency by the merging parties. Vitol would provide technical support to Hascol by means of training key management personnel in the different sectors of the relevant petroleum industry and assist in improving the management systems in place, of Hascol's retail network at no cost. Furthermore, Vitol intends to supply POL products to Hascol to meets its imports requirements.

10 The relevant market has a number of participants with the largest suppliers identified by the merging parties as Pakistan State Oil, Shell Pakistan Limited and Attock Petroleum Limited.

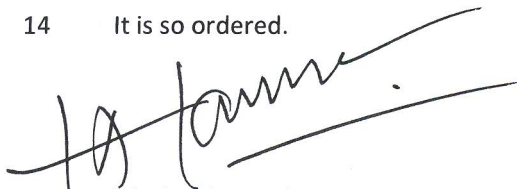
11 Post-transaction, there will be no change in the market dynamics of the relevant market in Pakistan as no competitor will be affected by the intended acquisition.


12 The proposed 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 Act.

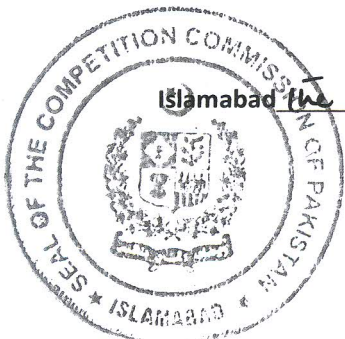
VI Conclusion

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

14 It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



Islamabad the 22nd March, 2016