



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

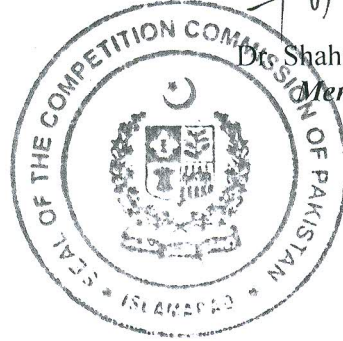
IN THE MATTER OF ACQUISITION OF % SHAREHOLDING OF M/S. TOTAL
PARCO MARKETING LIMITED BY M/S. PAK-ARAB REFINERY LIMITED

CASE: 968/Merger-CCP/18

Commission

Ms. Vadiyya S. Khalil
Chairperson


Shahzad Ansar
Member



ORDER

1. On 24th May 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. Pak-Arab Refinery Limited ("**Acquirer**" or "**Applicant**") intends to acquire 33% equity stake of M/s. Total Parco Marketing Limited ("**Target**") by way of share purchase from M/s. Total Parco Pakistan Limited ("**Seller**").
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: Refining, transporting and marketing petroleum products.
 - b. For the Target: Marketing of LPG.
 - c. For the Seller: Marketing and sale of petroleum products and lubricants.
 - ii. The proposed transaction is an acquisition of 33% shareholding in the Target by the Acquirer from the Seller. The Target operates in relevant product market of "**Downstream Oil & Gas – LPG Procurement and Distribution**" having a geographic market identified as of "**Pakistan**". The value of the transaction is PKR 100 million which has already been paid to the Seller back in 2015 as an advance.
 - iii. The market share in terms of volume of the Acquirer, through its wholly owned subsidiary M/s. PARCO Pearl Gas (Private) Limited, in the LPG market is 10% while the market share of the Target is 10%. The combined market share of the Acquirer after the proposed transaction is expected to be approximately 20%. The proposed transaction will not result in elimination of any competitor and the market dynamics of the relevant market will remain unchanged.
 - 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. 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

(Vadiyya S. Khalil)
Chairperson

(Dr. Shahzad Ansar)

(Dr. Shahzad Ansar)
Member

Islamabad the 14th JUNE 2018.

