



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**


IN THE MATTER OF


FIRST PHASE REVIEW

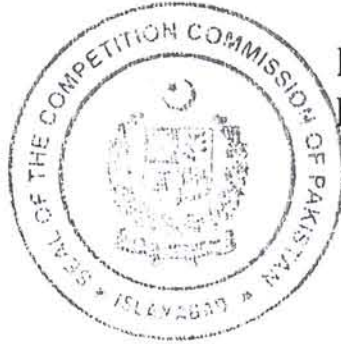
**ACQUISITION OF SHARES OF UNITED ARAB
SHIPPING COMPANY BY HAPAG LLOYD AG**

CASE: 833/Merger-CCP/16

Commission


Ms. Vadiyya Khalil
Chairperson


Mr. Shahzad Ansar
Member



ORDER

I Background

- 1 On 26th August 2016, Hapag-Lloyd AG ("HL AG") (the "Acquirer"), submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of _____ shares of United Arab Shipping Company ("UASC") (the "Target") by HL AG, along with the applicable processing fee and necessary information in accordance with the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

II Merger Parties

Acquirer

- 2 HL AG is a corporation with its stocks publicly listed. It is domiciled in Hamburg, Germany. It is the parent company of a group of companies that are active in the shipping business as international container liner shipping companies offering global door to door and port to port containerized cargo services.
- 3 HL AG does not have a physical presence in Pakistan but it provides container liner shipping service in Pakistan through its agent Inchcape Shipping Services Pakistan (Pvt) Limited.
- 4 Total assets of HL AG as on 31st December 2015 were EUR _____ (PKR _____ @ 1 EUR=PKR116.78) its turnover for the above mentioned period remained at EUR _____ (PKR _____ EUR= PKR116.78). HL AG's turnover in Pakistan for 2015 is EUR _____ (PKR _____)

Target

- 5 UASC is an international container liner shipping company. UASC offers global containerized cargo transport services. Its other services include special cargo services such as transporting break-bulk and out-of-gauge cargo on its ships. UASC operates in Pakistan through its wholly owned subsidiary i.e. UASC, Pakistan. UASC, Pakistan handles all shipping activities of UASC in Pakistan.
- 6 Total assets of UASC as on 31st December 2015 were USD _____ (PKR _____ @ 1 USD= PKR 104.53) its turnover for the above mentioned period remained at USD _____ (PKR _____ 1 USD=104.53) . UASC's turnover in Pakistan for 2015 is USD _____ (PKR _____)

III Transaction

In the proposed transaction HL AG intends to acquire _____ of the paid up share capital of UASC. In consideration HL AG will issue new shares of HL AG to the shareholders of UASC. The consideration for the transaction is _____



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estimated to be USD [PKR (@1 USD= PKR 104.53)].

- 8 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having acquirer's assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1 billion. The transaction value is PKR 100 million and percentage of shares to be acquired exceeds 10% of the total shareholding of the Target.

IV Relevant Market:

- 9 The Relevant Product Market in this case is "container liner shipping service". The market comprises of vessels operating as carriers providing international liner services for carriage of cargo on a particular route under a geographic limit.
- 10 The Relevant Geographic market is Pakistan.

V Findings of the Phase I investigation on the competition assessment

- 11 The competition assessment in Phase I have resulted in the following findings:
- The proposed transaction involves acquisition of shares of The Target (UASC) by the Acquirer (HL AG). The Target (UASC) and the Acquirer (through its agent Inchcape Shipping Services Pakistan Private Limited) operate in same relevant product and geographic market creating a horizontal relationship between the two.
 - The relevant product and geographic market is an open market with a number of market participants ensuring fair amount of competition in the market.
 - Pre-merger the Acquirer (HL AG) has a market share of in the relevant product and geographic market while, the Target (UASC) has a market share of
 - Post-merger the combined market share of both the entities will be -which will be much below the prescribed limit of 40%. Post merger there will be no significant change in the market dynamics of the relevant product and geographic market. The transaction will result in an insignificant increase in the market power of the Acquirer in the relevant market.
 - The transaction is not likely to result in creation or strengthening of 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 ("the Act").

Vaditha Kiran

IA Jannu

VI Conclusion

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

13 It is so ordered.



Vadiyya Khalil
(Chairperson)



Shahzad Ansar
(Member)



Islamabad 31st October, 2016