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COMESA

Common Market for Eastern and Southern Africa

Case File No. CCC/MER/07/21/2023

Decision[1] of the One Hundred and First (101st) Meeting of the Committee Responsible for Initial Determinations Regarding the Merger Involving Abu Dhabi National Oil Company (ADNOC) P.L.S.C. and OMV Aktiengesellschaft

COMESA COMPETITION COMMISSION
0 5 NOV 2023

ECONOMIC SECTOR: Petroleum

5 November 2023

[1] In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

The Committee Responsible for Initial Determinations,

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the "**COMESA Treaty**");

Having regard to the COMESA Competition Regulations of 2004 (the "**Regulations**"), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the "**Rules**");

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State,

Desirability of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States' economies through the attainment of full market integration,

Having regard to the COMESA Merger Assessment Guidelines of 2014,

Determines as follows:

Introduction and Relevant Background

1. On 1 August 2023, the COMESA Competition Commission (the "**Commission**") received a notification for approval of a merger involving Abu Dhabi National Oil Company (ADNOC) P.J.S.C. ("**ADNOC**" or the "**primary acquiring firm**") and OMV Aktiengesellschaft and its direct and indirect subsidiaries ("**OMV**" or the "**primary target firm**"), pursuant to Article 24(1) of the Regulations.

2. Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the transaction between the parties would or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.

3. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.

The Parties

ADNOC

4. ADNOC is an energy and petrochemicals group operating across the entire hydrocarbon value chain through a network of fully integrated businesses. ADNOC is principally active in the exploration, production, storage, refining, and distribution of oil and gas, as well as in the development of petro-chemical products. (i) ADNOC, (ii) all firms controlled by ADNOC, (iii) all firms controlling ADNOC and (iv) all firms controlled by firms controlling ADNOC are collectively referred to as the "**ADNOC Group**".

5. Within the Common Market, the activities of the ADNOC Group include the sale and production of lubricants; the sale of butane, propane sulphur; and carbon black; sale of ammonia, urea and other nitrogen-based fertilisers and production facilities thereof; sales of polyethylene and polypropylene; and sales of gasoline, diesel and other non-petroleum products (such as compressed natural gas), gas oil, fuel oil and jet fuel. The ADNOC Group makes sales in the Democratic Republic of Congo ("**DRC**"), Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, and Uganda.

OMV

6. OMV is a public liability company incorporated under the laws of Austria and is the ultimate parent company of the OMV group. OMV is globally active in upstream and downstream oil and gas activities. The upstream business activities focus on the exploration, development and production of oil and gas in certain core regions including Central and Eastern Europe, the North Sea, the Middle East, Africa and Asia-Pacific. The downstream oil business operates refineries in Austria (Schwechat), Germany (Burghausen) and Romania (Petrobrazi). OMV is also active in the production and commercialization of polyolefins and base chemicals. [2](i) OMV; and (ii) all firms controlled by OMV are collectively referred to as the "**OMV Group**".

7. Within the Common Market, the activities of the OMV Group include the sale of polyethylene and polypropylene, trading of *de minimis* amounts of diesel, sale of crude oil, natural gas and natural gas liquids, and production of crude oil. The OMV Group made sales in Comoros, DRC, Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

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[2] OMV (through Borealis) disposed of its ammonia and fertilizers business ("Borealis NITRO") to Agrofert in 2023.

Borouge Plc ("Borouge")

8. Borouge is an entity jointly controlled by ADNOC and OMV which is mainly active in Asia and Eastern Africa. Borouge is a petrochemicals company that provides polyolefin solutions and operates a petrochemical complex in Ai Ruwais, United Arab Emirates and it has a sales and marketing business in Singapore. Borouge is listed on the Abu Dhabi Securities Exchange since 2022. Within the Common Market, Borouge is active in the supply of polyethylene and polypropylene in Djibouti, Egypt, Ethiopia, Kenya, Rwanda, Sudan and Uganda.

Jurisdiction of the Commission

9. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the "**Merger Notification Thresholds Rules**") provides that:

   Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the *target firm, operate in two or more Member States, shall be notifiable if:*

   a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds USD 50 million; and

   b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds USD 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State.

10. The undertakings concerned have operations in two or more Member States. The merging parties hold a combined turnover in excess of the threshold of USD 50 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate COMESA-wide turnover within one and the same Member State. The notified transaction is therefore notifiable to the Commission within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

11. The proposed transaction concerns the acquisition by ADNOC of a 24.9% shareholding conferring joint control in OMV and its direct and indirect subsidiaries from Mubadala Petroleum Petrochemicals Holding Company L.L.C.

COMPETITION ASSESSMENT

Consideration of the Relevant Markets

Relevant Product Market

12. The merging parties are both active in the petroleum and petro-chemicals sector. Within the Common Market, the acquirer is involved in the sale of propane and butane ("**LPG**"), urea and nitrogen-based fertilisers, jet fuel, gasoline, diesel, gas oil, heavy fuel and lubricants. The acquiring firm is also active in the exploration, production and sale of crude oil and gas, except not in the Common Market. The target sales polyethylene, polypropylene, diesel, urea, and Natural Gas Liquids (NGLs). The target is also involved in the exploration of crude oil and gas reserves; and the production and sale of crude oil and gas.

13. The CID observed that the proposed transaction raises product overlaps in NGLs/LPG; gas oil and diesel; urea and the exploration, production and sale of crude oil and gas. Further, the exploration, production and sale of crude oil and gas raises vertical linkages with other markets related to the sale of petroleum products including diesel, lubricants, and natural gas since these are among the products that can be produced from the refining of crude oil and extraction of natural gas. Therefore, the CID assessment the relevant product market as follows:

Exploration, production and supply of crude oil and natural gas

14. Exploration of crude oil and gas entails the process of researching and the discovery of potential sites for oil and gas drilling extraction and reserves for crude oil. In ***Total/Maersk***[3], it was considered that the exploration of crude oil and natural gas comprises a single product market and that at the exploration stage, the contents of the underground reservoirs cannot be known. Further, crude oil and natural gas are formed through a similar process (i.e., from the remains of dead animal and plants) such that the location of underground oil and natural gas occurs at the same place hence it is improbable to isolate the exploration of oil from natural gas exploration. Therefore, the exploration of crude oil and natural gas is considered as a single relevant product market.

15. Production of crude oil and natural gas is undertaken upon successful drilling and extraction of crude oil or natural gas from viable sites or oil reserves. The production process includes a development phase whereby adequate infrastructure is set up (i.e., oil platforms, pipelines, and terminals for future production); and the production and sale of the crude oil and gas involving the exploitation of reserves and the wholesale of the crude oil and natural gas. Along

[3] Case No. CCC/MER/9/24/2017, Total/Maersk

the value chain of crude oil/natural gas production and for competition assessment, it is the supply that should be considered as a market activity since at this stage the products are available for trading to customers. Thus, the other relevant markets are considered as the wholesale supply of crude oil and the wholesale supply of natural gas which are upstream markets. These markets entail the setting up of the infrastructure and the exploitation and wholesale of crude oil and natural gas.

16. The upstream wholesale supply of crude oil is considered as a distinct product market from the upstream wholesale supply of natural gas.[4] Distinctions between the two markets can be drawn based on the different usages that crude oil and natural gas are intended for. For instance, crude oil is mainly used for transportation as opposed to gas, which is mainly for power generation and the equipment, items, machines that would allow usages of the two are different, which would limit substitution. Further, crude oil and gas are subjected to different costs (i.e., transportation, storage) and pricing constraints which is likely to limit their substitution. Therefore, the CID considered the wholesale supply of crude oil and the wholesale supply of natural gas as distinct and separate relevant product markets.

NGLs/LPGs

17. The CID noted that NGLs are part of the natural gas production process. NGLs are separated at the natural gas production process before the gas is supplied on the market.[5] NGLs comprise a mix of light hydrocarbons such as methane, ethane, condensate, propane, butane, and naphtha. The components of the NGL can constitute separate product markets on account of their individual unique features and usage which may impact the extent of substitution.

18. For example, condensate is a mixture of light hydrocarbons separated from a natural gas stream at the point of production when the temperature and pressure of the gas is dropped to atmospheric conditions. Condensate is composed of NGLs and naphtha range materials. Naphtha are the distillation fractions and other intermediates in the gasoline boiling range that may be used in the blending of gasoline. Propane is the lightest liquid stream produced in a refinery, comprising 3 carbon atoms and 8 hydrogen atoms typically blended into finished products such as LPG and also used to make petrochemicals such as ethylene and propylene. Butane on the other hand is one of the lightest liquid streams typically produced in a refinery, composed of 4 carbon atoms and 10 hydrogen atoms which is either blended into gasoline or LPG (in small volumes) or sold directly as a finished product. Further, methane is a simple hydrocarbon with 1 carbon atom

[4] See Case No. COMP/M.6801 – Rosneft/TNK-BP
[5] https://www.mckinseyenergyinsights.com/resources/refinery-reference-desk/ngl/

and 4 hydrogen atoms. In a refinery, methane is produced in the refinery gas stream of many conversion units. It is also often purchased from outside the refinery as natural gas. Ethane is a simple hydrocarbon with 2 carbons and 6 hydrogens and it is a gas at room temperature. It is produced from natural gas wells along with methane and is often left in the natural gas that is sent to market.

19. From the above, the CID noted that each element under NGLs is different on account of its physical characteristics, chemical composition, and final usage. The different features distinguish the sub-segments into separate markets. The elements under NGLs are not always easily substitutable and can be construed as separate product markets. However, the CID noted that the consideration of NGLs markets has often been limited to the LPG that comprises a mix of butane and propane gas.[6]

20. The CID observed that the ADNOC Group supplies butane and propane in Egypt while OMV produces and supplies NGLs in Tunisia only.

21. In view of the foregoing, the CID limited the assessment of relevant product market to the supply of LPG, comprising a mix of butane and propane. The CID noted that LPG is naturally occurring and produced in the course of crude oil production or the extraction of natural gas.

22. For the purpose of this transaction, the CID considered the relevant product market as the production and supply of LPG.

Gas oil and diesel

23. Gas oil (also called red diesel) is a low fuel duty variant of regular road diesel often blended with a colorant to distinguish it from normal diesel. It is a cheaper alternative to diesel which is used mainly in agriculture, forestry, rail transport and for backup generators for places like hospitals[7].

24. The CID noted that despite having a similar chemical composition, the price of gas oil is cheaper at the retail level compared to diesel. Gas oil is a cheaper, rebated fuel used for heating, non-road machinery, agricultural, forestry tractors and recreational craft. Further, gas oil is not permitted for use in any on-road vehicles and for this reason, producers are required to add a colorant to it to prevent its misuse in road vehicles. The CID considered that demand substitution between gas oil and diesel is likely to be limited as such the two comprise sub-segments in the market for the supply of petroleum products.

25. The supply of petroleum products comprises several products which are refined from crude oil i.e., gasoline, domestic heating oil, gas oil/diesel. These products

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[6] See Case COMLP/M.4545 – Statoil/Hydro, para 29

[7] https://www.nationwidefuels.co.uk/oil-guides/gas-oil-guide/ accessed on 15 September 2023

constitute distinct markets, thus not substitutable[8]. In ***Total/GAPCO***[9], various petroleum products were distinguished as distinct markets, namely diesel, petrol and kerosene on account of their unique characteristics, usages and demand. It was considered that although diesel and gasoline were both refined from crude oil, it was easier to refine diesel than gasoline and diesel contained more pollutants that must be extracted before it can reach the same levels of emissions as petrol. Further, in terms of characteristics, diesel contains more energy per litre than petrol and a vehicle's combustion process tend to be more efficient and produces lower carbon dioxide emissions when using diesel.

26. In terms of chemical composition, diesel is made up of at least 12 carbon atoms and has a boiling point of between 250 – 350 Degrees Celsius while petrol is made up of between 5 and 12 carbon atoms and has a boiling point of between 40 and 205 Degrees Celsius. Therefore, there is bound to be a difference in terms of performance of machines using petrol versus machines using diesel and this may influence choices between using petrol or diesel.

27. In view of the foregoing, and considering that both parties are active in the supply of diesel, the CID considered the supply of diesel as a relevant product market.

Polyolefins

28. The CID noted that the merging parties were both active in the supply of polyolefins, namely polyethylene (PE) and polypropylene (PP) through their jointly held entity, Borouge. PE and PP are a family of thermoplastics that are produced by respectively polymerising ethylene and propylene. The ethylene and propylene used are mainly obtained from oil and natural gas[10]. Being thermoplastics, both PE and PP have similar features/characteristics in that they can be reheated and reshaped. Further, both are the most used plastics.

29. The above similarities notwithstanding, PE and PP can be categorised into separate markets on account of their different characteristics and end uses.

30. In ***Ravago/Emeraude***[11], it was observed that PEs can be sub-segmented into high density polyethylene ("**HDPE**"), low density polyethylene ("**LDPE**") and linear low-density polyethylene ("**LLDPE**") which, separately have distinct characteristics, properties and applications and furthermore since they are subjected to different temperatures and pressures during in the manufacturing process.

31. For example, HDPE has high crystallinity and is stiffer as compared to LDPE and has better chemical resistance and lower permeability to gases and vapours.

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[8] See Case No. COMP/M.1628 ñ Totalfina/Elf par. 27.
[9] See Case No. CCC/07/17/2016, Total Outre Mer S.A/Gulf Africa Petroleum Corporation merger
[10] https://plasticseurope.org/plastics-explained/a-large-family/polyolefins-2/
[11] Case No. CCC/MER/01/01/2023 – Ravago S.A. and Emeraude 3.0

Further, LLDPE is stronger, less flexible and less transparent than LDPE. HDPE, LDPE and LLDPE have different applications. HDPE is mainly used for making rigid products and in flexible packaging such as milk and juice containers, caps for food packaging, motor oil and cleaning product and pipes for water and gas transportation. On the other hand, LDPE is less stiff and has higher permeability to gases and vapours and it is primarily used in film and coating applications and wire and cables and LLDPE is considered as a hybrid between HDPE and LDPE, and it is used in coating applications to protect liquid containers' content and in flexible packaging, films, food and garment packaging, and in wire and cables. Consequently, demand and supply substitution are likely to be limited and each form of PE comprises a separate market.

32. PP present unique features from PE in that it has outstanding mechanical properties and ease of processability. Its application is mainly in automotive parts, battery casing, food packaging and medical syringes. PP may further be segment into PP resins and PP compounds. PP resins are characterized by being colourless, odourless, and translucent. PP compounds are PP resins which have been blended with other materials to change the performance characteristics of the product.

33. The above demonstrates that PP and PE are distinct products on account of their distinct features and end uses who demand and supply pattern is likely to be different. Therefore, PP and PE comprise separate markets. The CID noted that PP and PE can further be segmented to narrower markets. However, for the present transaction the CID resolved not to define narrower markets given that the competitive assessment was not likely to change under alternative markets since the parties supply these products through a jointly owned entity.

34. In view of the foregoing, the CID identified the supply of PP and the supply of PE as distinct markets.

Urea

35. Urea is a type of fertilizer known for its high nitrogen content and is used to promote vegetative growth in plants. Most fertilisers provide three primary nutrients, namely nitrogen, phosphorous and potassium. While nitrogen facilitates green leafy growth in plants, phosphorous fertilisers improve roots and flowering while potassium strengthens resistance to shock such as extremes in temperature or pest infestation plants achieve. Therefore, from a demand perspective, urea can be categorised into a separate market and not likely substitutable with other forms of fertilisers which carry different nutritional composition. Further, given its high nitrogen content urea is often applied during the time of sowing seeds and as a top dressing to ensure that the seed growth is enhanced.

36. In view of the above and noting that both parties were active in the supply of urea, the CID identified a distinct market for the supply of urea.

37. Based on the foregoing assessment and without prejudice to its approach in similar future cases, the CID considered that the relevant product markets are:

   a) The exploration of oil and gas;

   b) The wholesale supply of crude oil;

   c) The production and supply of LPG;

   d) The supply of diesel;

   e) The supply of PP and PE; and

   f) The supply of urea

Relevant Geographic Market

The exploration of oil and gas

38. The exploration of oil and gas market is undertaken on a global basis given the players operate at a global level[12]. The players can engage in exploration activities in different jurisdictions globally if they obtain the requisite licenses issued by national governments to conduct these activities. Therefore, the market is likely to be categorised as global. In ***Total/Maersk***, the CID considered the market for exploration or crude oil and gas as national considering the licenses issued for such activities would apply to a particular geographic region.

39. The CID observed that the merging parties do not undertake exploration activities within the same geographic region (i.e., ADNOC has no exploration activities in the Common Market while OMV's exploration is only in Tunisia and Libya). Therefore, it is unlikely for the transaction to raise competition concerns in the Common Market since only one party is active in this area.

40. The CID considered that reaching a definitive view on the scope of the market for exploration is not necessary since the transaction is unlikely to change the market structure within the Common Market hence the competitive assessment will not change under any alternative geographic markets.

The wholesale supply of crude oil & the production and supply of LPG

41. The supply of crude and LPG takes place at the global level wherein their pricing, demand and supply are subjected or are influenced by global forces. It is worth noting that the players in these markets operate globally and can switch supply

[12] See European Commission Decisions in Case No COMP/M.7631 - Royal Dutch Shell/BG Group (para.10); Case No. COMP/M.6910 - Gazprom / Wintershall / Target Companies (para. 46); Case No COMP/M.4545 - Statoil / Hydro (para. 7).

across the globe as influenced by demand and supply forces, for instance. Further, from a customer perspective the demand pattens are not limited to national boundaries but rather the availability of supply on the global market such that in an event of 5 – 10% small but significant non-transitory increase in the price for crude oil or LPG, customers are able to shift to global suppliers.

42. In view of the going, the CID considered the markets for the wholesale supply of crude oil; and the production and supply of LPG as global.

The supply of diesel

43. The supply of fuels, including diesel, has generally been defined based on the consumption area that a given supply point covers[13]. Among the factors that limit the scope of the market include transport costs which can limit the demand area that a given supply point can cover. Another limiting factor is the regulations surrounding the supply of fuels since prices are decided and implemented at national level. Thus, given a small but significant non-transitory increase in the price for the supply of fuel, customers are likely to resort to other suppliers within their own jurisdiction as opposed to seeking supplies from beyond their national borders.

44. In view of the above, the CID considered the geographic scope for the supply of diesel as national and pertaining to Egypt where the parties have a horizontal overlap.

The supply of PP & the supply of PE

45. The CID's previous assessment of transactions in this sector has considered that players in this industry operate at a global level.[14] The CID considered that players in the Common Market face constraints from imports from the global market. Therefore, local distributors seeking to purchase plastic products in the Common Market have alternatives of importing the products from global markets. Therefore, the geographic scope for the supply of PP and PE is likely to be global. The CID acknowledged that imports from global market are bound to be subjected to Governments' regulatory requirements for entry into COMESA. However, such Government regulations are unlikely to be too onerous to limit importation and are easily attainable.

46. In this respect, the CID considered the geographic scope for the supply of PP and supply of PE as global. However, the CID noted that even though both parties supply these products in the Common Market, the supply of the products is conducted by an entity that is jointly controlled by the merging parties, namely

[13] See European Commission decision in Repsol YPF/Shell Portugal, 13 September 2004 (para 12), COMP/M.3516 and CCC/MER/07/17/2016 - Total/GAPCO Merger
[14] Ravago/Emeraude merger

Borouge. Therefore, the proposed transaction is not likely to result in a change in the market structure for the supply of PP and PE as such it is not necessary to reach as exact scope of the geographic market.

The supply of urea

47. The market for the supply of fertilisers has generally been considered as global[15] given that most of the producers and suppliers operate on a global level. Major exports emanate from countries such as Russian, Belarus, China and United States of America[16]. Further, within the Common Market the market for the supply of fertilisers faces competitive constraints from imports from major fertiliser producing countries. The importation and consumption patterns for a sample of Member States can confirm that majority of the fertiliser consumed within the Common Market is imported[17].

48. The above notwithstanding, the CID considered that the geographic scope for the supply of urea can be left open since the competitive assessment of the transaction is unlikely to change under any alternative market given OMV's supply of urea in the Common Market is *de minimis*.

Conclusion of Relevant Market Definition

49. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant markets have been identified as the:

   a) **The global exploration of crude oil and gas;**

   b) **The global wholesale supply of crude oil;**

   c) **The global production and supply of LPG;**

   d) **The supply of diesel in Egypt;**

   e) **The supply of PP and PE in a geographic market which is at least national; and**

   f) **The supply of urea in a geographic market which is at least national.**

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[15] See Cases CCC/MER/04/12/2019 – Saudi Arabian Mining Company and Meridian Consolidated Investment Limited, para 7; Merger Involving Yara, Greenbelt Zambia & Greenbelt Malawi - onhttps://comesacompetition.org/wp-content/uploads/2023/05/Yara-Green-Belt-CID-Order.pdf accessed 21 Sept 2023

[16] See, https://www.ers.usda.gov/amber-waves/2023/september/global-fertilizer-market-challenged-by-russia-s-invasion-of-ukraine/ accessed on 21 Sept 2023

[17] See https://api.hub.ifdc.org/server/api/core/bitstreams/bd138bbd-13e5-4aec-9bc4-f4f738a756a3/content, accessed on 21 Sept 2023

Market Shares and Concentration

Exploration of crude oil/gas and the production and sale of crude oil

50. The CID noted that the merging parties' combined global market shares in the exploration of crude oil/gas and the production and sale of crude oil is less than 5%. Further, within the Common Market only OMV was active in these markets in Tunisia and Libya. The CID considered that the structure of these markets was unlikely to change particularly in the Common Market where only the target entity is active.

Supply of NGL/LPG

51. The CID observed that ADNOC supplies LPG in Egypt while OMV supplies NGL in Tunisia. The parties did not submit the market shares for the supply of LPG. However, the broad market shares for the supply of NGLs in COMESA were submitted as follows:

Table 1: Estimated market shares for the Supply of NGLs in COMESA

Market Players	Estimated market share (%)[18]
ADNOC (only in Egypt)	***[0 – 10]%***
OMV (only in Tunisia)	***[0 – 10]%***
Energy Transfer	[30 – 40]%
YASREF	[20 – 30]%
Sonatrach	[10 – 20]%
Targa Resources	[0 – 10]%
Enterprise Products Partners	[0 – 10]%

52. The CID noted that the market for the supply of NGLs, which comprises the supply of LPG is characterised by the presence of competitors. Further, at the broad market for the supply of NGLs market the parties are not significant players and within the Common Market their operations are in different Member States. The CID considered that despite the overlap being at the narrow LPG market, the structure of the markets in the specific Member States where the parties operate is unlikely to change as a result of the transaction and no competition concerns were likely to arise.

Supply of Diesel

53. The CID noted the following market share information for the parties in the supply of diesel in Egypt:

[18] Confidentiality claimed by the parties.

Table 2: Estimated market shares for the Supply of Diesel/Gas Oil in Egypt

Name of the Party	**Market Share (%)**
ADNOC	[0 – 10]%
OMV	[0 – 10]%
Combined	[0 – 10]%

54. The CID observed that despite the absence of market share information for the merging parties' competitors in the market for diesel, there were likely several competitors present in Egypt's diesel marketing and distribution segment and that state entities controlled most of the market. The CID noted that third party market research indicates that Egyptian state-owned entities, namely Copetrole (COOP) and Misr - affiliates of Egyptian General Petroleum Corporation (EGPC) - hold the largest diesel supply networks in Egypt and control over 70% of the total Egyptian retail network. Further, the parties' competitors in Egypt included ExxonMobil, Petromin, OLA Energy, El-Neel and Taqa.

Supply of PE and PP

55. The CID noted the following market share information in the supply of PE and PP:

Table 3: Estimated market shares for the Global supply of PE

Market Players	**Estimated market share (%)[19]**
ADNOC (only through Borouge[20])	***[0 – 10]%***
OMV	***[0 – 10]%***
ExxonMobil	[0 – 10]%
Dow	[0 – 10]%
Sinopec	[0 – 10]%
Sabic	[0 – 10]%
Petrochina	[0 – 10]%

Table 4: Estimated market shares for the Global supply of PP

Competitors	**Estimated market share (%)[21]**
ADNOC (only through Borouge)	***[0 – 10]%***
OMW (only through Borealis)	***[0 – 10]%***
Sinopec	[0 – 10]%
LyondellBasell	[0 – 10]%
Petrochina	[0 – 10]%
Braskem	[0 – 10]%

[19] Confidentiality claimed by the parties.
[20] As submitted by the parties, Borouge is jointly controlled by ADNOC (54%) and OMV (through Borealis AG) (36%)
[21] Confidentiality claimed by the parties.

Sabic	[0 – 10]%

56. The CID considered that competition concerns will not emanate from these markets since the market structure will not change by virtue of the parties supplying these products in the Common Market through a jointly controlled entity, Borouge.

57. With respect to the supply of urea, the CID observed that while ADNOC sells urea in selected Member States, OMV sold a *de minimis* amount of urea in COMESA. OMW (through Borealis) also disposed of its ammonia and fertilisers business (Borealis NITRO) to Agrofert in 2023. The CID considers that the any market share accretion in the supply for urea at COMESA level will be *de minimis* to raise any competition concerns. Furthermore, at the level of Member States, the parties were not active in the same Member States.

Consideration of Third-Party Views

58. The CID considered submissions from the national competition authorities of Egypt, Kenya, Malawi, Mauritius, Zambia and Zimbabwe which did not raise any concerns in relation to the transaction, which submissions are consistent with the CID's findings, as discussed above.

Determination

59. Based on the circumstances of the case and having regard to the foregoing assessment, the CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID, therefore, approved this transaction.

60. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 5th day of November 2023

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma **Commissioner Islam Tagelsir Ahmed Alhasan**