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**Common Market for Eastern
and Southern Africa**

CASE FILE No. CCC/MER/1012/2013

**Decision¹ of the Committee of Initial Determination
Regarding the Acquisition by Total Egypt LLC of the
Entire Issued Share Capital of Chevron Egypt SAE**

ECONOMIC SECTOR: Petroleum

December 2013

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 14th November 2013, the COMESA Competition Commission (“the Commission”) received a merger notification regarding the acquisition by Total Egypt LLC (“Total Egypt”) of the entire issued share capital of Chevron SAE (“Chevron Egypt”) from Chevron Global Energy Inc, Chevron Holdings Inc and Chevron (Overseas) Holdings Limited hereinafter called the parties. Total Egypt is a wholly owned subsidiary of Total Outre Mer S.A (“TOM”) itself a wholly-owned subsidiary of Total S.A (“Total”).
2. In an interrelated transaction, Beltone Capital Holdings for Financial Investments S.A.E (“Beltone Capital”) and BPE Energy (“BPE”) (altogether the “Beltone Group”) have agreed to make capital contributions to Total Egypt in return for the right to subscribe for shares in Total Egypt. The Beltone transaction is condition precedent to the Total Egypt and Chevron Egypt transaction.
3. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (‘the Regulations’). The Commission’s concern is primarily whether the proposed 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 as provided for under Article 26 of the Regulations.
4. The Committee of Initial Determination (the CID) observed that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) are satisfied and ultimately asserts jurisdiction of the Commission to assess the transaction.

The Parties

The Purchaser

5. The purchaser in the transaction is Total Egypt a wholly owned subsidiary of Total Outre Mer S.A., (“TOM”) itself a wholly-owned subsidiary of Total S.A. (“Total”). Total Egypt is ultimately controlled by Total, a public company listed on the Paris, Brussels, London and New York stock exchanges. Total’s ownership is fragmented with no direct or indirect controlling shareholder. As of 31 December 2012, no single shareholder held more than 5 per cent of Total’s shares.

The Sellers

6. The parties submitted that the sellers (Chevron Global Energy Inc, Chevron Holdings Inc and Chevron (Overseas) Holdings) are each indirectly wholly-owned subsidiaries of Chevron Corporation (“Chevron Corp”), a company incorporated in the United States and listed on the New York Stock Exchange. Chevron Corp’s ownership is fragmented with no direct or indirect controlling shareholder.

Competition Analysis

7. The CID has observed that the competition concerns are likely to emanate from the Total Egypt and Chevron Egypt Transaction. (“the merger”) The CID has observed that the relevant market is the supply of petroleum products in the Common Market. It was further observed that the merger is not likely to alter the market structure as the parties to the transaction have diminutive market shares in the relevant market and will not be among the top three largest firms in the market post-merger.

Determination

8. In view of the foregoing, the CID has determined that the acquisition of Chevron Egypt by Total Egypt is not likely to substantially prevent or lessen competition and it will not be contrary to public interest. The CID noted that the transaction does not negate the objectives of Article 3 of the Treaty, hence it does not conflict with the regional economic integration agenda. The CID also took into account the Beltone transaction which was condition precedent to the Total Egypt and Chevron Egypt transaction.
9. This decision is adopted in application of Article 26 of the COMESA Competition Regulations.

Dated this 18th day of December 2013.

For the Commission

(Signed)

George K. Lipimile