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Common Market for Eastern and Southern Africa

**Case File No. CCC/MER/05/16/2019**

# Decision[1] of the Sixty-Third (63rd) Committee Responsible for Initial Determination Regarding the Proposed Merger Involving Matador Bidco S.à.r.l and Compañia Española de Petróleos, S.A.U

**ECONOMIC SECTOR: Chemical Manufacturing**

**8th October 2019**

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

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## Information and Relevant Background

1. On 14th June, 2019, the COMESA Competition Commission (the "**Commission**") received a notification for approval of a proposed merger involving Matador Bidco S.à.r.l ("**Matador**") and Compañia Espanola de Petróleos, S.A.U. ("**CEPSA**").

2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the "**Regulations**"). 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. The Committee Responsible for Initial Determination (the "**CID**") established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

## The Parties

### *Matador (the Acquirer)*

4. It was submitted that Matador is a newly incorporated acquisition vehicle which does not conduct any business activities. Matador is indirectly controlled by funds managed by the Carlyle Group ("Carlyle") namely, Carlyle International Energy Partners I, Carlyle International Energy Partners II, Carlyle Europe Partners V, and Carlyle Partners VII. Carlyle is a global investment firm which manages funds that invest globally across four business segments namely: Corporate Private Equity (buyout, middle market and growth capital; Real Assets (real estate, infrastructure and energy and renewable resources); Global credit (distressed credit, energy credit, opportunistic credit, corporate mezzanine funds, aircraft finance and serving); and investment solutions (global private equity and real estate fund of funds programs and related co-investment and secondary activities). The acquiring group has operations in all COMESA Member States.

### *CEPSA (the Target)*

5. It was submitted that CEPSA is the parent of a group of companies active in the supply of different types of fuels and fuel derivatives products. The activities of the CEPSA Group include the following: oil and gas production and exploration activities; oil refining; supply of motor aviation and vessel fuels; production of petrochemicals and other oil-derivative products. In the Common Market, CEPSA has operations in Egypt and Kenya.

## Nature of the Transaction

6. The parties submitted that under the proposed transaction, Matador intends to acquire between 30% – 40% shareholding in CEPSA.

## Competition Analysis

7. The CID defined the relevant market as the global manufacture and supply of surfactants.

8. The CID observed that the transaction is not likely to raise significant competition concerns due to the relatively low market shares of the merging parties in the relevant markets. The CID also observed that the relevant markets are characterised by global competitors which will continue to give competitive pressure to the merging parties.

## Determination

9. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID therefore approved the transaction.

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

Dated this 8th of October, 2019

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**Commissioner Patrick Okilangole (Chairperson)**

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**Commissioner Michael Teklu Beyene** **Commissioner Islam Tagelsir Ahmed Alhasan**