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Common Market for Eastern and Southern Africa

Case File No. CCC/ MER/01/01/2023

Decision[1] of the Ninety-Third (93rd) Committee Responsible for Initial Determinations Regarding the Proposed Merger involving Ravago S.A. and Emeraude 3.0

ECONOMIC SECTOR: Plastic

30 April 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 25 January 2023, the COMESA Competition Commission (the "**Commission**") received a notification regarding the proposed merger involving Ravago S.A. ("**Ravago**") and Emeraude 3.0 ("**Emeraude**"), pursuant to Article 24(1) of the COMESA Competition Regulations (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.

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The Parties

Ravago (the acquiring undertaking)

4. Ravago is incorporated and organised under the laws of Luxembourg. Its principal business is the distribution of plastics, rubber, and chemicals as well as the production of plastics and rubber predominantly in Europe and the Americas. In addition to chemicals, Ravago mainly provides plastic polymers within the COMESA region. The primary acquirer is Koryfes S.A. ("**Koryfes**"), a 100% owned subsidiary of Ravago. Koryfes, Ravago, their parent companies and subsidiaries are referred to as the "acquiring group".

5. The parties submitted that within the Common Market, Ravago is active in the Democratic Republic of Congo ("**DRC**"), Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Tunisia, Uganda, Zambia, and Zimbabwe.

Emeraude (the target undertaking)

6. Emeraude is incorporated and organised under the laws of France. Emeraude is active in the global supply of plastics. Emeraude provides the following plastic polymers within the COMESA region: masterbatches, linear low-density polyethylene, high density polyethylene, low-density polyethylene, polypropylene, polystyrene, polyvinyl chloride, and polyethylene terephthalate.

7. The parties submitted that within the Common Market, Emeraude is active in DRC, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Tunisia, Uganda, Zambia, and Zimbabwe.

Jurisdiction of the Commission

8. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission within 30 days of arriving at a decision to merge. Only mergers that satisfy the prescribed thresholds pursuant to Articles 23(4) and 23(5) of the Regulations are regarded as notifiable mergers. The merger notification thresholds are prescribed under Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the "**Merger Notification Thresholds Rules**") which 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.

9. The merging parties have operations in more than two COMESA Member States. The parties' combined annual turnover value in the Common Market exceeds the threshold of USD 50 million and each of at least two of the parties derived turnover or asset value of more than USD 10 million whichever is higher in the Common Market. In addition, the merging parties do not achieve more than two-thirds of their respective COMESA-wide asset value 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

10. The Proposed Transaction entails the acquisition of 100% of the shares in Emeraude by Ravago, through its wholly owned subsidiary, Koryfes.

11. The parties have submitted that the merging parties service different global geographic regions in the "plastics" market, with Ravago maintaining a focus on Europe and the Americas and Emeraude maintaining a focus in and across the African continent. In this regard, the parties further submitted that their business offerings are complementary, and the Proposed Transaction is sought to allow Ravago to broaden its offerings to include various jurisdictions within the Common Market region.

Competition Assessment

Relevant Markets

Relevant Product Market

12. The CID noted that Ravago is active in the distribution of plastics, rubber and chemicals in the Common Market as well as in the production of plastics and rubber predominantly in Europe and the Americas. Emeraude, on the other hand, is active in the global supply of plastics, including in the Common Market. The CID observed that the proposed transaction would result in a horizontal overlap between the activities of Ravago and Emeraude. Further, it was observed that there is a potential vertical overlap between the activities of the parties since Ravago is also active in the manufacturing of plastics. Therefore, the CID focused on the market for manufacturing of plastics and the distribution of plastics as discussed below.

Manufacturing of Plastic

13. The CID observed that Ravago is active in the manufacturing of building materials and the production of plastics and rubber. The CID noted that the Ravago produces plastics and rubber predominantly in Europe and America and does not own nor operate any plastic polymers production plants within the Common Market.

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14. The CID noted that the raw materials used to produce plastic can be sourced from natural gas, oil, or plants. Most plastics are produced from petroleum sources. Plastics are manufactured from two main processes namely, polymerisation and polycondensation with each of these processes requiring distinct catalysts.

15. For instance, during the polymerisation process, monomers such as ethylene and propylene are combined to form long polymer chains. Each polymer has its own properties, structure and size depending on the various types of basic monomers used. Plastics are hence polymers. Polymers are chemical compounds with large molecules. The size of the molecules, their physical state, and the structure they adopt give the plastic its characteristics, its shape, and its flexibility.

16. **In view of the above, the CID considered the manufacture of plastic polymers as a distinct relevant market in the transaction.**

Distribution of Plastic Polymers

17. The CID noted that plastic polymers can be divided into two categories, namely thermosetting plastics and thermoplastics. Thermosetting plastics are plastics that get heat-hardened into a permanent design when exposed to heat, and they remain in that fixed form even if they get re-heated. Thermosetting plastics cannot be re-processed upon reheating. Furthermore, they cannot get exposed to extreme temperatures because they will burn rather than melt. Thermosets include Polyurethane (PUR), cross-linked Polyethylene (XPE), Epoxy resins, Phenolic resins, Acrylic resins and certain Polyesters.

18. On the other hand, thermoplastics are plastics that can be reheated and reshaped and encompass a wide range of materials such as Polyethylene ("PE"), Polypropylene ("PP"), Polystyrene ("PS"), Polyvinyl chloride ("PVC"), Polyethylene Terephthalate ("PET"), Expanded Polystyrene ("EPS"), Polymethyl Methacrylate ("PMMA"), and Polyetheretherketone ("PEEK").

19. The CID noted that PE and PP are members of the polyolefin resins, which is a family of thermoplastics derived from a particular group of base chemicals known as olefins. Polyolefin based products are derived from basic chemicals (propylene and ethylene) through a process of polymerisation, a process in which monomers (olefins) react with each other to produce long chains of a repeated series of monomers (polymers). PE and PP are considered among the world's most widely used plastics.

20. The CID observed that each type of thermoplastics has different characteristics and different usages which limit their substitutability, and thus separate markets should be identified for each of these materials[2].

[2] The CID noted that the DG Comp has also identified different product markets for each material of thermoplastics in Case No COMP/M.4744 - Ineos / Borealis; Case No COMP/M.4848 - Basell / Lyondell

21. The CID observed that there is a difference in the performance characteristics of HDPE, LDPE and LLDPE. HDPE has high crystallinity and is stiffer compared to LDPE, and it has better chemical resistance and lower permeability to gases and vapours. Similarly, LLDPE is stronger, but it is also less flexible and less transparent compared to LDPE.[3] It also offers some advantages over LDPE in its ability to downgauge films, and to improve tear, and heat resistance and stiffness for injection moulded parts. Furthermore, HDPE, LDPE and LLDPE present different characteristics due to the differences in the production methods adopted to produce them. Consequently, substitution on the demand side or supply side is not likely to take place in a timely and sufficient manner in response to a small but significant change in price or other conditions of competition.

22. From a demand-side perspective, the intended use of the three materials is not similar; HDPE is mainly used for rigid bottles, LDPE is used in more flexible and softer plastic products such as film applications, and LLDPE is considered as a hybrid between HDPE and LDPE, and it is used in coating applications to protect liquid containers' content. Moreover, for specific applications, LDPE is completely not substitutable with LLDPE in extrusion coating.[4]

23. The CID noted that Ravago provides thermoplastics in the Common Market including HDPE, LDPE, LLDPE, PP, PS, PVC, PET, and EPS. Additionally, Ravago supplies thermosets such as XPE. Similarly, the CID noted that Emeraude supplies several thermoplastics in the Common Market including HDPE, LDPE, LLDPE, PP, PS, PVC, PET in addition to Masterbatches.

24. In this regard, the CID considered that although the parties are both active in the distribution of plastic polymers, the overlap is limited to the distribution of thermoplastics and specifically the distribution of the following thermoplastics: HDPE, LDPE, LLDPE, PP, PS, PVC, and PET. Therefore, the CID limited its assessment of the relevant product market to these thermoplastic products.

High-density Polyethylene (HDPE)

25. HDPE is a synthetic resin made from the polymerization of ethylene. It is manufactured at low temperatures and pressures. HDPE is characterized by having good resistance to chemicals, being strong, durable, and versatile. It is widely used for making rigid products and in infrastructure segment, as well as flexible packaging such as milk and juice containers, carry bags, caps for food packaging, motor oil and cleaning products, and pipes for water and gas transportation.

Low-density Polyethylene (LDPE)

26. LDPE is a category of PE with relatively weak intermolecular forces. It is a resin that is manufactured by high pressure processes. LDPE is characterized by high clarity,

[3] Case No IV/M.550 - Union Carbide / Enichem
[4] Case N° IV/33.640 Exxon/Shell, OJ L144.20

flexibility, and good water and vapour properties. LDPE is less stiff compared to HDPE and has a higher permeability to gases and vapours. LDPE is primarily used in film and coating applications, and wire and cables.

Linear Low-Density Polyethylene (LLDPE)

27. LLDPE is a thermoplastic that is developed as a low-pressure manufacturing alternative to the high-pressure LDPE processes. LLDPE is characterized by its softness, lightweight, and it is used in flexible packaging, films, food and garment packaging, and wire and cables.

28. The CID observed that within the LLDPE family, several variations can be identified depending on the co-polymer used in the manufacturing process, such as: LLDPE Butene C4 ("**C4 LLDPE**"), LLDPE Hexene C6 ("**C6 LLDPE**") and LLDPE Octene C8 ("**C8 LLDPE**"). C4 LLDPE is considered as a standard PE, while C6 LLDPE and C8 LLDPE are considered as a high-performance PE.[5] The toughness of the LLDPE is highly dependent on the short chain branch length, which is determined by the co-monomer used. A C6 co-monomer has a longer short chain branch length than a C4 co-monomer.[6] Moreover, C6 LLDPE is characterized by having an enhanced level of toughness and tear resistance which can allow for significant down gauging compared to C4 LLDPE materials.[7]

29. From a supply-side perspective, C8 LLDPE can be differentiated from other LLDPE grades in the volatility of the copolymer Octene which can be only made by a solution process or a slurry process, rather than the high pressure and gas phase processes used for the manufacture of other grades of LLDPE. Further, C8 LLDPE is particularly suitable for power stretch film, multi-layer food packaging and laminated films compared to other LLDPE grades. Furthermore, C8 LLDPE offers the highest performance in terms of mechanical properties, and cling effect for stretch film. Consequently, producers of other grades of LLDPE cannot switch their production to C8 LLDPE in a timely manner and without incurring additional capital investments, because only producers operating solution processes will be able to produce C8 LLDPE.[8] Consequently, C8 LLDPE is more likely to consider a distinct relevant market.

30. As for C4 LLDPE and C6 LLDPE, they have similar characteristics, they are both produced by low pressure processes. Further, they are used for many of the same applications and there is a high degree of supply-side substitutability. Based on the

[5] Polyethylene. Resinex. Available at: www.resinex.co.uk/polymer-types/pe.html. Accessed 20 February 2023
[6] What is C6. Alkatuff. Available at: https://alkatuff.com.au/faq-items/what-is-c6/. Accessed 20 February 2023
[7] Hexene (C6) LLDPE Film. INEOS Olefines and Polymers. Available at: www.distrupol.com/ineos_op_hexene_c6_lldpe.pdf. Accessed 20 February 2023
[8] Case No IV/M.708 - Exxon / DSM, Case No COMP/M.1671 – Dow chemical / Union carbide

above-mentioned reasons, these two products can be considered as the same relevant product market[9].

31. The above notwithstanding, the CID left the market open given that the assessment of any likely competition effects is not likely to be altered under any alternative markets.

32. **The relevant market was therefore construed as the distribution of LLDPE (with a possible segmentation to C8 LLDPE, C6 LLDPE and C4 LLDPE).**

Polypropylene (PP)

33. PP is a thermoplastic which is derived from propylene. It is considered as one of the lightest polyolefins, and it is characterized by its outstanding mechanical properties and ease of processability. PP is mainly used in automotive parts, battery casing, food packaging and medical syringes.

34. PP can be further segmented 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.

35. PP resins can be further segmented into homopolymers (HPP), random copolymers (RCP) and impact (or block) copolymers. The three types of PP are made by polymerizing propylene, although ethylene is also added during the polymerization of impact and random copolymers.

36. From a demand-side perspective, the characteristic and end uses of the three types of PP resins are different. HPP is characterized by being more rigid and having better resistance to high temperature compared to copolymers, so it can be used to design thinner sections for equivalent stiffness. But their impact strength is inferior. HPP is widely used in film packaging, containers, and as fibre for carpets and disposable non-wovens. RCP is characterized by being transparent, very tough at ambient temperature, good resistance to heat distortion and ease of processing. It is easier to process than HPP in sealing and welding. RCP can be used in film, food packaging and heat sealable layers. As for impact copolymers, they can be classified according to their rubber content as medium impact, high impact, super high impact, or thermoplastic elastomers. They are suitable for applications where very high impact strength is required. Impact copolymers are widely used in automotive exteriors and industrial applications. [10]

37. The three types of PP resins also differ in terms of viscosity and crystallinity and overall characteristics, accordingly, they differ in their intended use and their price. Therefore, the three types cannot be considered as interchangeable from the demand side.

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[9] Case No COMP/M.1671 – Dow chemical / Union carbide, Case No COMP/M.4848 - Basell / Lyondell, Case COMP/M.2806 – SABIC/DSM Petrochemicals

[10] Case COMP/M.1751 - Shell/BASF/Project Nicole, Case No COMP/M.4744 - INEOS / BOREALIS, Case No IV/ M.269 Shell/Montecatini

38. Nevertheless, from a supply-side perspective, there is a high degree of substitutability in the supply of HPP and RCP because they can be both produced in the same reactor (homopolymer reactor). But the production of impact copolymers needs a second reactor (copolymer reactor). Consequently, limited supply-side substitutability exists between impact copolymers and the other two types HPP and RCP. However, PP manufacturers may easily switch production from one grade of PP to another by varying the conditions of polymerization such as the reactor pressure and the temperature or by using different additives.

39. Based on the above, the CID left the exact product market definition open as no competition concerns are likely to arise in this market post-merger.

40. **Therefore, the relevant market was construed as the distribution of PP (with a possible segmentation to RCP and HPP)**

Polystyrene (PS)

41. PS is a synthetic resin produced by the polymerization of styrene. It is characterized by being hard, stiff, brilliantly transparent, and it provides good dimensional stability. PS is commonly used in the food-service industry such as in rigid food trays and containers, household appliances, disposable eating utensils, foamed cups, plates, bowls, and white goods.

42. PS may be further segmented into specific grades that differ in their processing conditions such as the temperature and pressure, and in their use of other chemicals such as initiators, additives, and synthetic rubbers. PS can be segmented into high impact polystyrene (HIPS) and general-purpose polystyrene (GPPS). GPPS is characterized by being transparent and rigid, HIPS is characterized by being translucent and breakage resistant. HIPS is considered as GPPS with around 5-10% rubber incorporated through a grafting process prior to polymerisation.[11]

43. From a demand-side perspective, HIPS and GPPS may be used interchangeably. If the relative price of one grade of PS changes, customers who blend HIPS and GPPS may have some flexibility to change the respective proportions in the blend, provided that the mechanical properties of the blend meet their requirements. From a supply-side perspective, since HIPS is obtained by incorporating rubber in GPPS, GPPS can be made on any HIPS line, further, most plants have both GPPS and HIPS lines. Moreover, most producers produce both GPPS and HIPS, and they can vary the production between the two products based on relative demand.

44. The above notwithstanding, the CID left the exact product market definition open since the transaction is not likely to raise competition concerns under alternative market definition.

45. **Therefore, the CID construed the relevant market as the distribution of PS.**

[11] Case COMP/M.6093 - BASF / INEOS / Styrene / JV, Case M.8015 - Synthos / Ineos styrenics

Polyvinyl Chloride (PVC)

46. PVC is a synthetic resin made from the polymerization of chloride vinyl. The production of PVC uses chloride monomer as a feedstock which is produced from ethylene and chlorine. PVC is largely used in the construction industry, specifically or pipes, moulded fittings, and profiles such as door and window frames, it is also used in fashion, footwear, packing, credit cards, toys, and sporting goods.[12]

47. PVC can be segmented into two types based on the production process, which are suspension PVC (S-PVC) and emulsion PVC (E-PVC). S-PVC the most common type of PVC resin, it is produced via the polymerization of vinyl chloride monomer (VCM) in water with an initiator. It is used for both rigid and flexible end applications. Rigid applications include pipes, moulded fittings, and profiles such as window and door frames, while flexible applications include films, sheets, and cable insulation. E-PVC is mainly used for coating applications such as PVC coated fabrics.

48. From a supply-side perspective, S-PVC and E-PVC differ in their technical properties, therefore, producers cannot switch from producing one to the other in a timely manner and without incurring significant costs. Similarly, from a demand-side perspective, customers use the two products for different purposes, and consequently, they cannot switch from one product to the other in a timely manner. Consequently, E-PVC and S-PVC constitute two separate product markets.

49. Further, S-PVC can be segmented into commodity S-PVC, specialty S-PVC and extender S-PVC. Commodity S-PVC is the most common use of PVC. This PVC resin is used in the production of pipes, since Commodity S-PVC resin has the right molecular weight and process characteristics. Commodity S-PVC is also used in the production of rigid profiles such as slidings and windows. Specialty S-PVC resins are used for both rigid as well as flexible applications. Rigid applications are bottles, sheets, fittings, while flexible applications are wire and cable film, flexible profiles and tubes, coating. Extender S-PVC is used for dispersion resins to provide specific plastisols and compound characteristics, it is also used to reduce costs and to improve physical properties.

50. In terms of the demand substitutability, it is considered limited between extender S-PVC and specialty S-PVC and commodity S-PVC due to the difference in the features of each product such as properties, pricing, and applications. As for the supply substitutability, it is also limited since the three types of S-PVC differ in their production processes and supplier structure. The production lines used to produce extender S-PVC and specialty S-PVC can be used to produce commodity S-PVC, however, the reverse cannot be applied, unless appropriate equipment such as drying units, co-monomer injection lines and monomer recovery units is already installed.

[12] Case No. M.6563 Mexichem SIH/Wavin (2012), Case No. M. 6905 Ineos/Solvay/JV

51. **Based on the above, the CID considered that E-PVC and S-PVC (which can further be narrowed to commodity S-PVC, specialty S-PVC and extender S-PVC) constitute separate product markets.**

Polyethylene Terephthalate (PET)

52. PET is a synthetic fibre and resin and a member of the polyester family of polymers that is produced by the polymerization of ethylene glycol and terephthalic acid. It is characterized by being strong and stiff. PET is mostly used in manufacturing packaging materials for beverages and liquids, and it can also be used in making very fine filaments such as carpets.[13]

53. PET can be further segmented into three categories which are packaging resin (bottle grade), polyester textile chip (fibre grade) and film polymer (film grade). But from a supply-side perspective, all producers can produce all PET categories, and there are very small differences in the production costs of the different PET grades. The small difference in cost results from the slight difference in terms of quality and viscosity among the different PET grades. Furthermore, from a demand-side perspective, there is a little difference in the price of different PET grades. Consequently, the different grades of PET may form part of the same relevant market.

54. Having regard to the above analysis, the CID considered that for the purposes of this transaction and given the parties' overlap in the narrower product markets, the relevant product markets are construed as:

a) **The manufacture of plastic polymers**
b) **The distribution of HDPE**
c) **The distribution of LDPE**
d) **The distribution of LLDPE (with a possible segmentation to C8 LLDPE, C6 LLDPE and C4 LLDPE)**
e) **The distribution of PP (with a possible segmentation to RCP and HPP)**
f) **The distribution of PS**
g) **The distribution of E-PVC**
h) **The distribution of S-PVC (with a possible segmentation to Commodity S-PVC, Specialty S-PVC and Extender S-PVC)**
i) **The distribution of PET**

Relevant Geographic Market

55. The CID observed the acquirer does not manufacture plastic in the Common Market. Further, the CID noted that there is no manufacture of plastic in the Common Market but rather plastic is imported by Member States for further processing into final products. The CID observed that the major players in the manufacture of plastics operate at global

[13] COMP/M.7484 - Plastipak/ APPE

level, and the imports are therefore coming from players outside the Common Market. It is therefore not impracticable for the distributors of plastic polymers to access such products from outside the Common Market. For this reason, it is considered that the market is global.

56. The CID noted that the parties distribute their relevant products in a broad range of Member States. Further, plastic polymers are imported into Member States from countries which are outside the Common Market. The CID further noted that the importation of the products is characterized by low barriers given the ease with which the products enter the Common Market.

57. The CID considered that the relevant geographic markets for the distribution of the different plastic polymers were likely to be wider than the Common Market. Suppliers of plastic polymers in the Common Market are likely to face competition from imports originating from the Common Market and beyond and the parties are themselves international players. While the importation of the relevant products in most Member States may be subject to Government regulations such as licensing and compliance with safety standards, these requirements are likely to be attainable and not prohibitive to prevent trade from taking place.

58. The CID further noted that the major players in the manufacture of plastic polymers operate at global level, and there are imports coming from players operating at a global level into the Common Market which demonstrates that the geographic scope of the market is likely to be broader than the Common Market and may even be global.

59. Premised on the foregoing discussions, and for purposes of this transaction, the CID considered that the relevant geographic markets for distribution of the various plastics are global.

Conclusion on Relevant Markets

60. Based on the foregoing assessment, and without prejudice to similar future cases, the CID construed the relevant markets as the global markets for:

    a) **The manufacture of plastic polymers**
    b) **The distribution of HDPE**
    c) **The distribution of LDPE**
    d) **The distribution of LLDPE (with a possible segmentation to C8 LLDPE, C6 LLDPE and C4 LLDPE)**
    e) **The distribution of PP (with a possible segmentation to RCP and HPP)**
    f) **The distribution of PS**
    g) **The distribution of E-PVC**
    h) **The distribution of Commodity S-PVC (with a possible segmentation to Commodity S-PVC, Specialty S-PVC and Extender S-PVC)**
    i) **The distribution of PET**

Market Shares and Concentration

61. The CID noted the parties' submission of market shares pertaining to the plastic products supplied in each Member State where they make sales. Additionally, the CID noted the parties' submission that the market shares of Ravago in both the global manufacture and distribution of plastic polymers is less than 1% while that of Emeraude in the distribution of its products is less than 10%.

62. The CID considered that although the relevant markets were defined as global, any likely competition concerns emanating from the transaction will be felt at Member State or Common Market level. Therefore, the CID assessed the operations of the merging parties in the Common Market and any likely effects that may arise, post-merger.

63. The CID additionally considered the national market shares of the merging parties in the affected Member States to appreciate whether or not the merger will give them market power and dominance at regional level.

64. The CID observed that although the proposed transaction will raise horizontal overlaps in selected markets, the accretion of market shares will be minimal as further summarised below.

The distribution of HDPE

65. The estimated market shares for the parties and their competitors for the distribution of HDPE were submitted as per table 1 below.

Table 1: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of HDPE in the Common Market

Competitors/ Member States	*DRC*	*Egypt*	*Kenya*	*Libya*	*Madagascar*	*Malawi*	*Mauritius*	*Rwanda*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	[0 - 10]%	[0 - 10]%	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-
Emeraude	[20 - 30]%	[0 - 10]%	[0 - 10]%	[10 - 20]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[10 - 20]%	[20 - 30]%
Combined	**[20 - 30]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[10 - 20]%**	**[10 - 20]%**	**[20 - 30]%**
Snetor	[0 - 10]%	-	[0 - 10]%	-	-	[20 - 30]%	-	[20 - 30]%	-	[0 - 10]%	[20 - 30]%	-
Manuchar	[0 - 10]%	-	-	-	-	-	-	-	-	-	-	-
Sara	[0 - 10]%	-	[0 - 10]%	-	-	-	-	-	-	-	-	-
Sidpec	-	[20 - 30]%	-	-	-	-	-	-	-	-	-	-
Ethydco	-	[20 - 30]%	-	-	-	-	-	-	-	-	-	-
Borouge	-	[10 - 20]%	-	-	[10 - 20]%	-	-	[20 - 30]%	-	-	-	-
Tasnee	-	[0 - 10]%	-	-	-	-	-	-	-	-	-	-
OQ	-	[0 - 10]%	-	-	-	-	-	-	[0 - 10]%	-	-	-
Sabic	-	-	[0 - 10]%	-	[0 - 10]%	-	-	[40 - 50]%	[20 - 30]%	[50 - 60]%	[20 - 30]%	-
Muntajat	-	-	-	-	-	-	-	-	[10 - 20]%	-	-	-
Sasol	-	-	-	-	[30 - 40]%	-	-	-		-	-	-
Safripol	-	-	-	-	-	[20 - 30]%	-	-		-	-	-
Somochem	-	-	-	-	-	[20 - 30]%	-	-	-	-	[20 - 30]%	-

66. In accordance with table 1, the merging parties are the major players distributing HDPE in affected Member States where they operation, followed by Sabic and Snetor.

67. The CID noted that the parties' average estimated market share of HDPE distribution in the Common market does not create a dominant position. Further, there are several distributors that supply HDPE in more than one Member State. Additionally, the CID noted that the target holds high market shares for the supply of HDPE in DRC and Madagascar. However, the CID noted that the transaction will not lead to significant market accretion given the insignificant market shares accretion.

The distribution of LDPE

68. The estimated market shares for the parties and their competitors for the distribution of LDPE were submitted as per table 2 below:

Table 2: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of LDPE in the Common Market

Competitors/ Member States	*DRC*	*Djibouti*	*Egypt*	*Kenya*	*Libya*	*Madagascar*	*Mauritius*	*Tunisia*	*Uganda*	*Zimbabwe*
Ravago		[0 - 10]%	[0 - 10]%	[0 - 10]%	-	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	-
Emeraude	[40 - 50]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[20 - 30]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%
Combined	**[40 - 50]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[10 - 20]%**	**[20 - 30]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**
Sabic	-	-	[20 - 30]%	[10 - 20]%	-	-	-	[10 - 20]%	[50 - 60]%	-
Dow	-	-	-	[10 - 20]%	-	-	-	-	-	-
Snetor	-	-	-	[0 - 10]%	-	-	-	-	[10 - 20]%	-
Tricon	-	-	-		-	-	-	-	[0 - 10]%	-
Sara	-	-	-	[0 - 10]%	-	-	-	-	-	-
Borouge	-	-	[0 - 10]%	-	-	-	-	-	-	-
Tasnee	-	-	[0 - 10]%	-	-	-	-	[10 - 20]%	-	-
OQ	-	-	[0 - 10]%	-	-	-	-	[0 - 10]%	-	-
Muntajat	-	-	-	-	-	-	-	[10 - 20]%	-	-

69. According to table 2, the CID observed that post-merger, the combined market share of the merging parties in the Member States where they have overlap does not give rise to dominance in the market of distribution of LDPE. It was also observed that the merger will result in creating a stronger competitor that is capable of restraining the market dominance of competitors such as Sabic's dominance in the distribution of LDPE in the Common Market, which may be to the benefit of the consumers.

The distribution of LLDPE

70. The CID noted the estimated markets shares of the merger parties in the distribution of LLDPE as per table 3 below. The CID observed that the market for the distribution of LLDPE is not concentrated in the Common Market and that there exist other competitors with significant market shares that supply LLDPE in one or more countries of the Common Market. The CID noted that Sabic provides LLDPE in the Common Market and has a strong position, followed by Snetor.

Table 3: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of LLDPE in the Common Market

Competitors/ Member States	*DRC*	*Djibouti*	*Egypt*	*Kenya*	*Libya*	*Madagascar*	*Malawi*	*Mauritius*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	-	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-	-
Emeraude	[10 - 20]%	-	[0 - 10]%	[0 - 10]%	[10 - 20]%	[0 - 10]%	[0 - 10]%	-	[20 - 30]%	[0 - 10]%	[0 - 10]%	[0 - 10]%
Combined	**[10 - 20]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[20 - 30]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**
Dow	-	-	-	[0 - 10]%	-	-	-	-	-	-	-	-
Snetor	-	-	-	[0 - 10]%	-	-	[20 - 30]%	-	[0 - 10]%	[20 - 30]%	-	-
Vinmar	-	-	-	[0 - 10]%	-	-	-	-	-		-	-
Sara	-	-	-	[0 - 10]%	-	-	-	-	-	[10 - 20]%	-	-
Ethydco	-	-	[30 - 40]%	-	-	-	-	-	-	-	-	-
Borouge	-	-	[0 - 10]%	-	-	-	-	-	-	-	-	-
OQ	-	-	[0 - 10]%	-	-	-	-	-	-	-	-	-
Sabic	-	-	[20 - 30]%	[10 - 20]%	-	-	-	-	[20 - 30]%	[40 - 50]%	-	-
Muntajat	-	-	-	-	-	-	-	-	[10 - 20]%	-	-	-
Sasol	-	-	-	-	-	-	[20 - 30]%	-	-	-	-	-
Safripol	-	-	-	-	-	-	[20 - 30]%	-	-	-	-	-
Somochem	-	-	-	-	-	-	[10 - 20]%	-	-	-	-	-

71. The CID also observed that despite the target holding high market shares for the supply of LLDPE in Tunisia, the transaction will not lead to significant market accretion given the insignificant market shares of the acquirer in the same market.

72. The CID also noted that considering the further segmentation of LLDPE into C4, C6 and C8 LLDPE, Ravago is active in the distribution of C4 LLDPE in Egypt, Kenya, Malawi, Tunisia, and Uganda while Emeraude is active in the distribution of C4 LLDPE in Egypt, Kenya, Tunisia, and Uganda. As for the distribution of C6 LLDPE, Ravago supplies C6 LLDPE in Egypt and Tunisia. Emeraude provides C6 LLDPE in Egypt, Kenya, Malawi, Tunisia, and Uganda. With regards to the distribution of C8 LLDPE, Ravago distributes the product in Egypt and Tunisia, and Emeraude is not active in the distribution of C8 LLDPE. The respective market shares for the narrower markets were submitted as per table 4, 5 and 6 below:

Table 4: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of C4 LLDPE in the Common Market

Competitors/ Member States	*DRC*	*Djibouti*	*Egypt*	*Kenya*	*Libya*	*Madagascar*	*Malawi*	*Mauritius*	*Tunisia*	*Uganda*	*Zimbabwe*
Ravago	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	-	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-
Emeraude	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-	-	[0 - 10]%	[0 - 10]%	[0 - 10]%
Combined	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**

73. Table 4 shows the parties' market share in the distribution of C4 LLDPE in the Common market. It is evident that the market shares of the merging parties in the Member States will not give rise to potential market power post-merger.

74. As for the distribution of C6 LLDPE, Table 5 below shows that Emeraude has high market shares in the distribution of C6 LLDPE, however, Ravago's market shares are not significant. Consequently, the CID noted that post-merger, the market share accretion is not likely to raise concerns as Ravago's market shares are insignificant.

Table 5: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of C6 LLDPE in the Common Market

Competitors/ Member States	*DRC*	*Egypt*	*Kenya*	*Libya*	*Malawi*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	-	[0 - 10]%	-	-	-	[0 - 10]%	-	-	-
Emeurade	[30 - 40]%	[10 - 20]%	[0 - 10]%	[80 - 90]%	[0 - 10]%	[60 - 70]%	[0 - 10]%	[0 - 10]%	[10 - 20]%
Combined	**[30 - 40]%**	**[10 - 20]%**	**[0 - 10]%**	**[80 - 90]%**	**[0 - 10]%**	**[60 - 70]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**

75. As for the distribution of C8 LLDPE, Table 6 below shows that only Ravago supplies C8 LLDPE in the Common Market in Egypt and Tunisia. Its market share in Egypt is insignificant, while it has a high market share in Tunisia. The CID considered that the merged entity's presence post-merger will not be strong.

Table 6: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of C8 LLDPE in the Common Market

Competitors/ Member States	*Egypt*	*Tunisia*
Ravago	[0 - 10]%	[30 - 40]%
Emeraude	-	-
Combined	**[0 - 10]%**	**[30 - 40]%**

The distribution of PP

76. The CID noted the parties estimated market shares in the distribution of PP in the Common Market as per table 7 below:

Table 7: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of PP in the Common Market

Competitors/ Member States	*DRC*	*Egypt*	*Kenya*	*Libya*	*Madagascar*	*Malawi*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	-	[0 - 10]%	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-
Emeraude	[30 - 40]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%
Combined	**[30 - 40]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**
Snetor	-	-	-	-	-	-	-	[0 - 10]%	-	-
Sara	-	-	[0 - 10]%	-	-	-	-	[0 - 10]%	-	-
Borouge	-	[10 - 20]%	[30 - 40]%	-	[10 - 20]%	-	-	[50 - 60]%	-	-
OQ	-	[0 - 10]%	-	-	-	-	-	-	-	-
Sabic	-	[10 - 20]%	[20 - 30]%	-	[0 - 10]%	-	[20 - 30]%	[20 - 30]%	-	-
Basell	-	[0 - 10]%	-	-	-	-	-	-	-	-
Reliance	-	-	-	-	-	-	-	[0 - 10]%	-	-
Tricon	-	-	[0 - 10]%	-	-	-	[0 - 10]%	[0 - 10]%	-	-
Sasol	-	-	-	-	[30 - 40]%	-	-	-	[50 - 60]%	-
Safripol	-	-	-	-	-	-	-	-	[0 - 10]%	-

77. The CID noted that the market shares of the merging parties post-merger in the distribution of PP will not be significant compared to the market shares of their competitors. Further, there exist other competitors that operate within a wide range of countries in the Common Market and that have higher market shares in each country.

78. The CID also noted that Ravago and Emeraude distribute narrower PP segments. It was noted that Ravago and Emeraude are active in the distribution of HPP in Egypt, Kenya, Madagascar, Tunisia, Uganda, and Zambia. With regards to the distribution of RCP, Ravago supplies the product in Egypt and Tunisia, while Emeraude provides RCP in Egypt, Kenya, and Zambia. The estimated market shares for distribution of HPP and RCP were submitted as per tables 8 and 9 below.

Table 8: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of HPP in the Common Market

Competitors/ Member States	*DRC*	*Egypt*	*Kenya*	*Libya*	*Madagascar*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	-	[0 - 10]%	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	-
Emeraude	[20 - 30]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%
Combined	**[20 - 30]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**

79. The CID noted that with regards to the distribution of HPP in the Common Market, the merging parties' market shares are not significant.

Table 9: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of RCP in the Common Market

Competitors/ Member States	*DRC*	*Egypt*	*Kenya*	*Tunisia*	*Zambia*
Ravago	-	[0 - 10]%	-	[0 - 10]%	-
Emeraude	[10 - 20]%	[0 - 10]%	[0 - 10]%	-	[0 - 10]%
Combined	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**

80. With regards to the distribution of RCP, the CID also noted that the merging parties' market share in the Common Market are not significant, and consequently, it will not give rise to a dominant position in the distribution of RCP in the Common Market.

The distribution of PS

81. Based on the parties' submission, Ravago supplies PS in Tunisia, and Emeraude provides PS in DRC, Kenya, and Tunisia and its market shares are presented as follows.

Table 10: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of PS in the Common Market

Competitors/ Member States	*DRC*	*Kenya*	*Tunisia*
Ravago	-	-	[0 - 10]%
Emeraude	[0 - 10]%	[0 - 10]%	[0 - 10]%
Combined	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**
Total	-	-	[10 - 20]%
Snetor	-	-	[10 - 20]%
Tricon	-	-	[10 - 20]%
Sabic	-	-	[10 - 20]%

82. The CID noted that post-merger, the merging parties' market shares in the distribution of PS is not significant, as such it is not likely that the merger will significantly affect the market structure.

The distribution of PVC

83. The CID noted the estimated market shares for the distribution of PVC for the parties and their competitors as per table 11 below:

Table 11: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of PVC in the Common Market

Competitors/ Member States	*DRC*	*Egypt*	*Kenya*	*Libya*	*Malawi*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	[0 - 10]%	-	-	-	-	-	-	-	-
Emeraude	[0 - 10]%	[0 - 10]%	[0 - 10]%	[0 - 10]%	[10 - 20]%	[10 - 20]%	[0 - 10]%	[0 - 10]%	[10 - 20]%
Combined	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**	**[10 - 20]%**	**[0 - 10]%**	**[0 - 10]%**	**[10 - 20]%**
Snetor	[0 - 10]%	-	-	-	-	-	-	-	-
Manuchar	[0 - 10]%	-	-	-	-	-	-	-	-

84. The CID observed that the market of PVC is not controlled by one big entity but it is fragmented with several small firms each holding a small market share.

85. With regards to the further segmentation of PVC, the CID noted that both Ravago and Emeraude supply S-PVC in the DRC and their estimated market shares were submitted as per table 12 below: The CID also noted that only the target suppliers E-PVC in DRC.

Table 12: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of S-PVC in the Common Market

Competitors/ Member States	*DRC*
Ravago	[0 - 10]%
Emeraude	[0 - 10]%
Combined	**[0 - 10]%**

86. The CID observed that post-merger, the market shares of the merging parties in the distribution of S-PVC will remain insignificant which will make it unlikely to create a dominant position in this market. With regards to the distribution of E-PVC, the market structure will not change post-merger given the absence of overlap.

The distribution of PET

87. The CID noted the estimated market shares of the parties and their competitors in the distribution of PET as per table 13:

Table 13: Estimated market shares (by volume) of the merging parties and their competitors in the distribution of PET in the Common Market

Competitors/ Member States	*DRC*	*Djibouti*	*Egypt*	*Ethiopia*	*Kenya*	*Madagascar*	*Tunisia*	*Uganda*	*Zambia*	*Zimbabwe*
Ravago	[0 - 10]%	[0 - 10]%	-	-	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	-	-
Emeraude	[0 - 10]%	-	[0 - 10]%	[0 - 10]%	-	[0 - 10]%	-	[0 - 10]%	[30 - 40]%	[0 - 10]%
Combined	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[0 - 10]%**	**[30 - 40]%**	**[0 - 10]%**
Snetor	[10 - 20]%	-	-	-	-	-	-	-	-	-
Sara	[0 - 10]%	-	-	-	-	-	-	[10 - 20]%	-	-
Tricon	-	-	-	-	-	-	-	[30 - 40]%	-	-
NCT	-	-	-	-	-	-	-	[10 - 20]%	-	-
Reliance	-	-	-	-	-	-	-	[10 - 20]%	-	-

88. The CID observed that the merging parties' market shares in the distribution of PET is not significant in the Common Market. Further, there are other players in the market for distribution of PET which will continue to give competitive pressure to the parties, post-merger.

89. In view of the above, the CID concluded that the proposed transaction is generally not likely to raise competition concerns in the Common Market given the limited market share accretion that will arise in some of the relevant markets, if consideration is given to narrow geographic scope.

90. The CID further recalled that given the global nature of the relevant markets, competition concerns are not likely to arise since the merging parties will continue to face competition from other global players, namely Sabic, Snetor, Muntajat, Dow and Sasol which already actively distribute polymers in the Common Market.

Consideration of Public Interests

91. The proposed transaction is not likely to negatively affect any of the public interest elements provided for under the Regulations given that the market shares of the parties are relatively small within the Common Market. Competition will not be affected as there will be no removal of a strong competitor, and thus the transaction will not be to the detriment of consumers who will still have access to alternative suppliers.

Consideration of Third-Party Views

92. Submissions were received from the national competition authorities of Egypt, Ethiopia, Kenya, Malawi, Mauritius, Seychelles, Zambia and Zimbabwe which submitted that the

transaction was not likely to raise competition and public interest concerns post-merger. This is consistent with the CID's assessment, as presented above.

Determination

93. Based on the foregoing reasons, 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.

94. The CID, therefore, approved this transaction. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 30th day of April 2023

Commissioner Dr Mahmoud Momtaz (Chairperson)

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