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Common Market for Eastern and Southern Africa

Case File No. CCC/MER/08/28/2024

# Decision[1] of the 112th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of Navig8 Topco Holdings Inc by Abu Dhabi Marine Business and Services Company PJSC

**ECONOMIC SECTOR**: Shipping

COMESA COMPETITION COMMISSION
14 DEC 2024

14 December 2024

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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

Desirous 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 16 August 2024, the Commission received a notification for approval of the merger involving Abu Dhabi Marine Business and Services Company PJSC ("**ADMBS**", or the "**acquiring firm**") and Navig8 Topco Holdings Inc. ("**Navig8**" or the "**target firm**", together with its controlled subsidiaries, the "**Navig8 Group**"), 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.

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## The Parties

### *ADMBS (the acquiring firm)*

4. ADMBS is a public joint stock company, incorporated under the laws of Abu Dhabi, with its registered office located at Sheikh Khalifa Energy Complex, Takreer Tower, 12th Floor, Corniche Road, Abu Dhabi, United Arab Emirates ("**UAE**").

5. ADMBS is a wholly owned subsidiary of ADNOC Logistics & Services PLC ("**ADNOC L&S**"), a public company limited by shares and incorporated under the laws of Abu Dhabi, with its registered office at Level 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE.

6. ADNOC L&S is solely controlled by Abu Dhabi National Oil Company P.J.S.C. ("**ADNOC**"), along with its controlled affiliates (collectively referred to as the "**ADNOC Group**"). ADNOC is a company incorporated in Abu Dhabi, UAE, and is wholly owned by the Government of the Emirate of Abu Dhabi.

7. The ADNOC Group is an energy and petrochemicals group operating across the entire hydrocarbon value chain through a network of fully integrated businesses. The ADNOC Group is primarily active in the exploration, production, storage, refining, and distribution of oil and gas, as well as in the development of petrochemical products.

8. ADNOC L&S is the holding company for the maritime logistics division of the ADNOC Group. As a fully integrated global energy maritime and logistics services provider, ADNOC L&S offers freight and charter services for the transportation of crude oil, petroleum products, liquefied natural gas ("LNG"), liquefied petroleum gas ("LPG"), and dry bulk cargo on ocean-going vessels it owns or chartered from third parties. It also provides material handling, manpower and equipment supply, rental of storage, warehouses, and office space, as well as the provision of chemicals and other onshore oil and gas field services.

9. Furthermore, ADNOC L&S supports the oil and gas supply chain in the UAE and other relevant jurisdictions through the following three primary business segments:

   (i) Shipping: chartering vessels for the transportation of crude oil, petroleum products, LNG, LPG, and dry bulk to both domestic and international clients;

   (ii) Integrated Logistics: offering onshore and offshore logistics solutions, which include a fleet of offshore support vessels and jack-up barges, with logistics bases located in Mussafa, Ruwais, Fujairah, Sharjah, and Khalifa Port in the UAE; and

   (iii) Marine Services: providing sub-sea maintenance services, including inspection, repair, and diving services, as well as oil spill response capabilities.

10. Regarding activities of the ADNOC Group within the Common Market, the parties submitted that:[2]

(i) while the ADNOC Group did not directly supply liquid bulk tramp shipping services to customers within the Common Market or from the Common Market to customers outside of it, its vessels, chartered by customers outside the Common Market, were used by those customers to transport liquid bulk products to customers in [redacted].

(ii) ADNOC Group's subsidiary, ADNOC Global Trading, chartered vessels from the Navig8 Group in 2023, which were used to transport [redacted] from the [redacted] to [redacted].

11. In the Common Market, in 2023, the ADNOC Group [redacted] in Burundi, Comoros, the Democratic Republic of Congo ("**DRC**"), Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

***Navig8 (the target firm)***

12. Navig8 is a company incorporated under the laws of the Marshall Islands, with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960.

13. The Navig8 Group is a fully integrated provider of shipping management services operating as an owner, operator, active charterer, and broker of ships and shipping pools spanning the clean and dirty tanker and chemicals sectors. The Navig8 Group's primary business activities include (i) liquid bulk tramp shipping services (including ownership of vessels, pooling, and commercial management); and (ii) marine fuel (bunker fuel) trading.

14. The Navig8 Group engages in activities through its controlled entities incorporated outside the Common Market, generating turnover in, into, or from the Common Market, as outlined in Table 1 below.

***Table 1: Navig8 Group controlled entities that generate turnover in the Common Market***[3]

| Member State | Name of Entity | Product/service | Country of incorporation |
|---|---|---|---|
| [redacted] | Integr8 Fuels Pte Ltd | Supply of bunker fuel trading services[4] | Singapore |

[2] Confidentiality of information claimed by the parties.
[3] Confidentiality of information claimed by the parties.
[4] Integr8 is a buyer and seller of bunker fuel, active at the retail level – i.e. selling to end customers who need bunker fuel for their vessels. Under its business model, Integr8 has relationships with physical bunker fuel suppliers and other bunker

| Member State | Name of Entity | Product/service | Country of incorporation |
|---|---|---|---|
| [redacted] | Navig8 Asia Pte Ltd | A limited supply of liquid bulk tramp shipping services[5] | Singapore |

15. The parties submitted that Navig8 Group chartered vessels to customers outside the Common Market, who then used these vessels to deliver liquid bulk products to and/or from the [redacted].

16. Within the Common Market, the Navig8 Group operates in the DRC, Djibouti, Egypt, Kenya, Mauritius, Seychelles and Tunisia.

## Legal Provisions and Assessment Tests

17. Based on this formal application under Article 24(1) of the Regulations, the Commission instituted an inquiry and assessment under Article 26 of the Regulations to initially determine whether or not the merger is likely to substantially prevent or lessen competition in the Common Market. Where it appears that the merger is likely to substantially prevent or lessen competition by assessing the factors under Article 26(2), the Commission shall then determine under Article 26(1):

    a) whether the merger is likely to result in any technological efficiency or other pro-competitive gain which will be greater than and offset the effects of any prevention or lessening of competition that may result or is likely to result from the merger and would not likely be obtained if the merger is prevented;

    b) whether the merger can be justified on substantial public interest

    c) grounds by assessing the factors set out in Article 26(4) which are discussed further below.

18. 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*

traders globally but does not take physical supply of the marine fuels. Based on revenues allocated according to port of supply (financial year ending 31 March 2024).

[5] Based on revenues according to location of customer (financial year ending 31 March 2024).

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".*

19. The undertakings concerned have operations in two or more Member States. The undertakings concerned derived a turnover of more than the threshold of USD 50 million in the Common Market and they each derived a turnover of more than USD 10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate turnover or asset value in one and the same Member State. The Commission was thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.

## Details of the Merger

20. The parties have submitted that the proposed transaction will entail acquisition by ADMBS of 100% of the issued share capital in the target firm.

## Competition Analysis

### Consideration of the Relevant Markets

#### *Relevant Product Market*

21. Paragraph 7 of the Commission's Guidelines on Market Definition provides that a *"relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products' characteristics, their prices and their intended use".*

22. It is recalled that the ADNOC Group operates globally in oil and gas exploration, production, refining, and petrochemical development, while also offering transportation services for various petroleum products. In the Common Market, ADNOC does not directly supply liquid bulk shipping services, but its vessels, chartered by external customers, have been used to transport products to [redacted] and [redacted] Additionally, in 2023, ADNOC chartered vessels from the target firm to transport [redacted].

23. It is further noted that the Navig8 Group's primary business activities within the Common Market include the supply of liquid bulk tramp shipping services and supply of bunker (marine or ship's fuel, active at the retail level) trading services in [redacted].

24. Accordingly, the CID observed that there is potential horizontal and vertical overlap since both parties are active in the (marine shipping services segment) supply of liquid bulk tramp shipping services and Navig8 group potentially will supply bunker fuel to the ADNOC group. Therefore, the assessment of the relevant product market focuses

on the supply of liquid tramp shipping, and bunker fuel (marine fuel) trading services as discussed below.

*The provision of maritime shipping services*

25. Maritime shipping services are typically categorized into two primary segments: liner shipping services and tramp shipping services. Liner shipping refers to maritime transport operating on fixed schedules, with predetermined routes and ports.[6] As defined in Section 2, paragraph 10 of the European Commission's ("**EC**") Maritime Guidelines[7], liner shipping involves "*the transport of cargo, primarily by container, on a regular basis along specified geographic routes, commonly referred to as trades*." The CID noted from this source that liner services are characterised by its features including advance advertising of timetables and sailing dates, with services accessible to any user of maritime transport. These services follow fixed schedules and call at predetermined ports.

26. In contrast, tramp services are characterized by the absence of fixed schedules or routes. Tramp vessels operate based on demand[8], providing flexible cargo transport without predetermined destinations or timetables. These vessels are typically chartered by end customers to meet specific transport needs. According to Article 1(3)(a) of Regulation (EEC)[9] No 4056/86, tramp vessel services are defined as *"the transport of goods in bulk or in break-bulk in a vessel chartered wholly or partly to one or more shippers based on a voyage or time charter, or any other contract for non-regularly scheduled or non-advertised sailings, where freight rates are freely negotiated case by case in accordance with supply and demand conditions*." This often involves the unscheduled transport of a single commodity occupying the entire vessel. These distinctions underline the separate nature of liner and tramp shipping service markets. The parties also agreed that liner shipping services are different from tramp services since the former sail on advertised and predetermined routes on particular days while the latter refers to vessels that do not have a fixed schedule or published parts of call.

27. In the ***SAS Lux/BAL***[10], the CID recognized the distinction between container-liner shipping services and non-liner (tramp) services, particularly due to the regularity and frequency of the former. The CID noted that customers relying on scheduled transport services to meet production and delivery deadlines are less likely to substitute liner

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[6] https://wefreight.com/diving-deep-into-liner-vs-tramp-shipping-services-a-comprehensive-analysis/#:~:text=Liner%20vs.,-Tramp, accessed on 11 October 2024.
[7] See https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:245:0002:0014:EN:PDF, accessed 20 September 2024
[8] https://wefreight.com/diving-deep-into-liner-vs-tramp-shipping-services-a-comprehensive-analysis/, accessed 20 September 2024.
[9] See https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:1986:378:FULL, accessed on 20 September 2024.
[10] See Case File No. See para 20, Case File No. CCO/MER/7/32/2022, para 20.

services with non-liner services, confirming the limited substitutability between these two market segments.

28. The EC's investigation further supported this distinction, concluding that the liner shipping market is separate from the non-liner (tramp) markets.[11] The CID noted that this conclusion was primarily based on differences in the regularity and frequency of services between these market segments.

29. Thus, since the target does not provide liner shipping services, the CID's assessment is limited to tramp shipping services.

30. The tramp services sector is traditionally divided into two main subsectors based on the nature of the cargo: the liquid bulk and the dry bulk[12], where each is designed to transport specific kind of cargo, tailored to the physical properties and handling requirements of the goods they carry.

31. Dry bulk vessels are specifically designed to transport unpackaged, non-liquid cargo such as grains, minerals, coal, and iron ore.[13] They are crucial in moving raw materials that support global manufacturing and trade. These ships feature open cargo holds, unlike the compartmentalized designs of container ships and tankers, and are equipped with specialized cargo handling equipment like cranes and conveyor systems for efficient loading and unloading.[14]

32. On the other hand, liquid bulk vessels or tankers are purpose-built to carry liquid cargo. Liquid bulk vessel is a ship that is specially designed to safely transport large quantities of liquid cargo over long distances.[15]These vessels have a number of specialised features which allow them to do this. For example, tankers have multiple compartments to carry different liquids simultaneously, and their tanks are constructed from carefully selected materials to prevent contamination or chemical reactions. Similarly, these vessels are equipped with extensive safety features and advanced pumping systems to load and discharge cargo safely and efficiently.

33. Due to the specific nature of liquid bulk cargo, liquid bulk vessels are the only technically capable ships of transporting such liquids.[16]These vessels' design, equipment, and operational processes make them essential for moving liquid products that cannot be transported by dry bulk. For instance, the target firm's vessels carry various liquid cargo types covering crude oil, refined petroleum products, and chemicals (including, for example, methanol, caustic soda, diesel, naphtha, gasoline, sulphuric acid, heavy fuel oil, jet fuel, vegoils, ethanol, aromatics and benzene). These

[11] See Case M.8330 - MAERSK LINE / HSDG, para. 11.
[12] See para 2.2.2 on https://www.duo.uio.no/bitstream/handle/10852/22858/trampxfinal-NikolaosxKoukos.pdf?sequence=1, accessed on11 October 2024.
[13] https://www.clarksons.com/glossary/types-of-cargo-ships-clarksons-ultimate-guide/, accessed on 11 October 2024.
[14] Ibid.
[15] https://www.clarksons.com/glossary/types-of-cargo-ships-clarksons-ultimate-guide/, accessed on 11 October 2024.
[16] Ibid.

distinctions highlight that dry bulk and liquid bulk tramp shipping services are separate markets.

34. Given the fact that the target group is active in the liquid bulk, for the purposes of this case, the CID considered the relevant product market to be limited to the **liquid bulk tramp shipping services**.

35. The CID noted that there is a potential for further segmentation of the liquid bulk tramp shipping services based on the vessel size. For instance, the Navig8 fleet offers liquid bulk tramp shipping services, consisting of a diverse range of vessel tanker sizes. This includes [redacted] Medium Range tankers, with capacities ranging between 40,000 and 55,000 DWT[17], typically used for transporting refined petroleum products. The fleet also features [redacted] Long Range tankers, with capacities ranging from 55,000 to 120,000 DWT, which are designed to carry both refined products and crude oil. Further, the fleet includes [redacted] Aframax vessel, capable of carrying between 80,000 and 120,000 DWT, primarily for crude oil transport. Further, it has [redacted] Very Large Crude Carriers, each with a capacity between 200,000 and 320,000 DWT, specifically used for long-distance transportation of crude oil.

36. For purposes of this assessment, given the insignificant market shares, the CID considered that a further segmentation was not warranted and a single market for **the provision of liquid tramp shipping services** can be considered, as the competitive assessment will not be materially altered under any narrower relevant markets.

*Bunker fuel trading services*

37. Bunker fuel trading services pertain to the buying, selling, and supply of fuel used for maritime vessels, commonly referred to as marine or bunker fuel.[18] This fuel is essential for powering various types of ships, including cargo vessels, tankers, and fishing boats, which are owned and operated by a diverse range of customers in the shipping industry.

38. There are two primary options for customers in the market for bunker fuel i.e., purchasing through a bunker trader or directly from a physical bunker service provider. The difference between these two lies in the nature of their operations. Unlike the physical supply of marine fuel, which necessitates different infrastructures, including storage facilities and delivery systems, bunker trading does not require any physical presence. In the ***PKN Orlen/Grupa Lotos***[19], the EC made a distinction between the markets for the physical supply of bunker fuel and bunker trading, highlighting the

[17] Dead weight tonnage ("**DWT**") - the total weight of cargo, loading equipment, bunker supplies, water and spare parts which a fully loaded ship can carry.
[18] See Case M.5689 Bominflot/SBI Holding.
[19] See Case M.9014 – PKN Orlen/Grupa Lotos, para. 1859.

distinct legal, regulatory, and administrative frameworks required to operate as either a physical supplier or a trader.

39. Physical suppliers must invest in the infrastructure needed for storing, transporting, and delivering fuel to vessels, typically within specific ports or regions. As such, their operations are geographically bound. Bunker traders, on the other hand, act as intermediaries without taking possession of the fuel. This allows them to operate across broader, even global, markets, purchasing and reselling marine fuel irrespective of the fuel's location. These fundamental differences in operation, and infrastructure requirements indicate that the physical supply of bunker fuel and bunker trading services represent distinct markets.

40. Given that the target group is involved specifically in bunker trading, the relevant product market for the purpose of this proposed transaction is limited to bunker trading services.

41. Furthermore, the CID observed the potential for further segmentation within the bunker trading market based on the distribution or supply channel, particularly between retail and non-retail supply. It is plausible that different customer requirements, as well as price variations, exist between these two supply chain levels.

42. In its previous decision[20], the EC made a distinction between bunker fuel supplied directly to end users at the retail level and bunker fuel supplied to traders and bunkering firms at the non-retail level. This distinction was based on several factors including differences in pricing, varying customer requirements, transportation methods, and the presence of distinct competitors and customers in each segment.

43. Non-retail transactions typically involve the trading of large volumes of fuel to other bunkering firms or cargo traders, who purchase either part of or an entire cargo load to resell fuel to other intermediaries or to bunkering firms. Retail transactions, in contrast, refer to into-boat sales arranged either directly with the end customer or through a trader or reseller. While referring to past EC[21] and CCC[22] precedents where these distinctions have been acknowledged, the parties also agree on the different nature of non-retail and retail markets for bunker fuel trading.

44. Therefore, the CID considered that ***the non-retail and retail trading of bunker fuels*** constitute separate relevant markets due to their differing operational, pricing, and customer characteristics.

45. Based on the foregoing assessment and without prejudice to the CID's approach in similar future cases, the relevant product markets are determined as:

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[20] see paragraphs 1856-1857 on Case M.9014 - PKN Orlen/Grupa Lotos

[21] Case no. M.5689, Bominflot / SBI Holding

[22] CCC/MER/05/15/2021 at para 22 and para 31, and CCC/MER/05/7009/2013 at para 3.4.

a) **the provision of liquid bulk tramp shipping services,**

b) **the provision of non-retail trading of bunker fuels, and**

c) **the provision of retail trading of bunker fuels.**

***Relevant Geographic Market***

46. The Commission Guidelines on Market Definition define the relevant geographic market as comprising "**…the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous, and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas**"[23].

47. Liquid bulk tramp shipping operates without fixed routes or timetables, with ships being chartered as needed to carry cargo between ports globally, depending on customer requirements. Accordingly, tramp shipping market is likely to have a global scope due to its essentially flexible and mobile nature. Vessels are not bound by fixed routes and operate on a demand-driven basis. Tramp ships can be deployed across international waters/oceans, serving different ports globally depending on customer demand, charter agreements, and available contracts. Tramp ships can respond to shifting demands and availability of cargo anywhere in the world. For instance, the CID observed that the top five competitors of the parties including China COSCO Shipping Corp Ltd (in China), China Merchants Energy Shipping (in China), Fredriksen Group - Frontline (in Cyprus), Angelicoussis Group (in Greece), and National Iranian Tanker Company (in Iran) are located in different parts of the world and provide their services globally.

48. There are no strict geographic boundaries restricting tramp shipping operators, as ships are highly mobile assets that can serve different ports across continents. This means that shipping companies compete on a global scale, and customers who require liquid bulk transport can potentially engage with any operator willing to transport their goods from one international location to another. Similarly, the parties suggested the relevant market for all liquid bulk ships to be global since liquid bulk vessels have mobile nature, trade globally and complete voyages between different regions and will regularly travel significant distances in order to pick up their next lifting.

49. Likewise, the EC, in ***APMM/BROSTRÖM***[24], noted from the parties' submissions that the geographic scope of the market for liquid bulk tramp services is global, as tanker operators can and do easily redeploy their vessels around the globe. This is because these services are contracted based on spot market demand or long-term charters, and operators can easily switch between different regions to find available cargo.

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[23] Paragraph 8

[24] See para 36 Case No COMP/M.5346 - APMM / BROSTRÖM.

Unfortunately, the EC did not reach any conclusion regarding the relevant geographic market, as there were no competition concerns on any possible market definition.

50. Thus, ***the geographic market for liquid bulk tramp shipping services is defined as global***.

51. Likewise, the non-retail bunker trading operates in a wider geographic market. non-retail bunker traders typically engage in transactions that span different regions or even continents, depending on the availability and price of fuel in different markets. Since they do not require storage or logistical infrastructure, bunker traders can easily source fuel from different parts of the world, which suggests a broad geographic scope. It is observed that bunker traders including the Navig8 group are engaged in price arbitrage, purchasing fuel from regions where it is cheaper and selling it in markets where demand is higher.[25] For instance, the CID observed that Navig8 through Integr8 (its bunker trading arm) 12 offices worldwide with Singapore, London and Dubai the major hubs.[26] This practice essentially extends the market to a global level, as traders seek to maximize price differences between regions. Therefore, the geographic market for non-retail bunker trading tends to be global, reflecting the ability of traders to source fuel internationally and the interconnectedness of global fuel markets.

52. Similarly, the parties consider that the market for bunker trading is global since bunker traders typically operate on an international basis and trade bunker fuel across a wide range of ports and locations.

53. Whilst left open since no competition concern raised, the EC[27] has considered bunker fuel markets, particularly in non-retail/wholesale trading, possibility to be on a global basis, due to the cross-border nature of transactions and the global scope of market competition.

54. Bunker traders operate across multiple regions and can source fuel from international suppliers, enabling them to engage in a global marketplace. Therefore, ***the geographic market for non-retail trading of bunker fuels is considered global***.

55. Unlike the non-retail transactions, retail trading is typically conducted through into-boat deliveries at specific ports or coastal locations. Bunker traders at the retail level arrange the sourcing and delivery of fuel based on the specific operational requirements of the vessel, including the ship's location and timing needs.

56. Since ships must physically receive fuel at a port or coastal site, the geographic market is essentially limited to locations where bunker fuel can be supplied directly to the vessel. Retail bunker traders face logistical and cost-related challenges in serving customers over long distances. Transporting fuel across wider areas would result in

[25] https://integr8fuels.com/bunker-fuel-trading/, accessed on 12 October 2024.
[26] https://shipandbunker.com/bi/top10, accessed on 12 October 2024.
[27] See Case COMP/M.4055 – A.P. Møller/Maersk.

significant inefficiencies and increased costs, making it impractical for retail suppliers to operate beyond a certain radius from their supply points.

57. Customer behavior further narrows the geographic scope of retail bunker trading. Ship operators typically refuel at ports along their established maritime routes, and their selection of bunker suppliers is influenced by factors such as price competitiveness, the availability of specific fuel types, and the convenience of the port location relative to their shipping schedule. This creates a localized competitive environment, where bunker traders at each port compete primarily with other suppliers operating in the same port. The physical proximity to the port is a critical factor in attracting customers, given the operational constraints vessels face during their voyages.

58. As a result, the geographic market for retail bunker trading services is generally localized to individual/specific ports. It is recalled from the parties' submission that the Navig8 Group, through Integr8, sales of bunker fuels for vessels in the DRC, Djibouti, Egypt, Kenya, Mauritius, Seychelles, and Tunisia. Therefore, the geographic market is ***the retail trading of bunker fuels in ports located in the DRC, Djibouti, Egypt, Kenya, Mauritius, Seychelles, and Tunisia.***

***Conclusion on Relevant Markets***

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

**a) the global market for the provision of liquid bulk tramp shipping services;**

**b) the global market for the non-retail trading of bunker fuels; and**

**c) the retail trading of bunker fuels in ports located in the DRC, Djibouti, Egypt, Kenya, Mauritius, Seychelles, and Tunisia.**

## Consideration of Substantial Lessening of Competition or "Effect" Test

### Market Shares and Concentration

60. The parties have submitted their estimated market shares and those of their top 5 (five) competitors in respect of the provision of liquid bulk tramp shipping services globally, as presented in Table 2 below.

***Table 2: Estimated market share of the top five players in the global market for the provision of liquid bulk tramp shipping services globally[28]***

| Competitors | DWT capacity[29] (millions) | Pre-merger market shares (%) | Post-merger market shares (%) |
|---|---|---|---|

[28] Confidentiality of information claimed by the parties.

[29] Dead weight tonnage ("DWT") - is the maximum weight a ship can carry when fully loaded, including its cargo, fuel, water, provisions, and crew. The parties have submitted that this reflects both the number of vessels and their size and is therefore a more reliable indicator of market strength than simply number of vessels.

| | | | |
|---|---|---|---|
| China COSCO Shipping Corp Ltd in China | [redacted] | [0 – 5] % | [0 – 5] % |
| China Merchants Energy Shpg in China | [redacted] | [0 – 5] % | [0 – 5] % |
| Fredriksen Group (Frontline) in Cyprus | [redacted] | [0 – 5] % | [0 – 5] % |
| Angelicoussis Group in Greece | [redacted] | [0 – 5] % | [0 – 5] % |
| National Iranian Tanker Company in Iran | [redacted] | [0 – 5] % | [0 – 5] % |
| ***ADNOC group (the acquirer)*** | [redacted] | *[0 – 5] %* | *[0 – 5] %* |
| ***Navig8 group (the target)*** | [redacted] | *[0 – 5] %* | |
| Others | [redacted] | *[85 – 90] %* | [85 – 90]% |
| Total | [redacted] | 100 | 100 |

61. From Table 2, it is observed that the global market for liquid bulk tramp shipping services appears to be highly fragmented, with no single player holding a dominant position where [redacted]% of market share is disbursed among may smaller players. The largest competitor, China COSCO Shipping Corp Ltd, controls only [0-5]% of the market, indicating a wide distribution of market share among numerous players. The top five competitors collectively hold just [redacted]% of the market, indicating the lack of significant concentration. This fragmented nature suggests that the sector is competitive, with various players holding small market shares.

62. The leading players, such as China COSCO Shipping and China Merchants Energy Shipping ([0-5]% and [0-5]% market shares, respectively), have slightly more influence in the market, but their market power is far from overwhelming. This moderate market positioning gives opportunity for other competitors, including smaller companies, to compete effectively. Competitors such as Fredriksen Group, Angelicoussis Group, and National Iranian Tanker Company, with market shares ranging from [redacted]% to [redacted]%, further illustrate the spread of competitive influence among multiple firms rather than any dominant players. The parties also submitted that the liquid bulk tramp shipping is a highly fragmented global market with no existing competitor having a 5% market share

63. It is further observed from Table 2 above that the merging parties, with the acquirer holding a [redacted]% share and the target having a [redacted]% share, are relatively insignificant players in this market. Even post-merger, their combined market share in the liquid bulk tramp shipping vessels globally would amount to only [redacted]%, with an insignificant market share accretion of [redacted]%. Furthermore, the market for liquid bulk tramp shipping services is highly fragmented with a large number of suppliers in the market

64. This suggests that the merger is unlikely to significantly alter the competitive landscape or create any substantial market concentration in the global market for liquid bulk tramp shipping services market.

65. From the broader global market for bunker trading perspective, the Top 10 global bunker traders for 2024, in terms of bunker sales to the end users of marine fuel, as published by Ship & Bunker are presented in Table 3 below.

***Table 3: Top 10 (ten) bunker companies, in terms of their bunker sales to end customers globally*** [30]

| ***Name of global Competitor*** | ***Bunker fuel volumes traded (Million MT)*** |
|---|---|
| Bunker Holding | 25 |
| World Fuel Services | 16.8 |
| Minerva Bunkering | 16.3 |
| Peninsula | 14.5 |
| Vitol Bunkers | 12.7 |
| TFG Marine | 10.6 |
| Monjasa | 6.5 |
| ***Integr8 (target group)*** | ***6.3*** |
| Fratelli Cosulich Group of Companies | 5.5 |
| Alpha Trading | 3 |
| **Total** | **117.2** |

66. The global bunker fuel trading market, as shown in Table 3, is marked by intense competition among a wide range of players, with each striving to capture market share in what remains a highly fragmented industry. According to data from Ship & Bunker, the top 10 global bunker traders in 2024 dominate the sector, collectively accounting for a significant share of bunker fuel sales to end users in the marine industry.

67. Leading the market is Bunker Holding, with approximately 25 million MT in bunker fuel sales in 2024. Close behind are World Fuel Services, Minerva Bunkering, and Peninsula, with sales volumes of around 16.8 million MT, 16.3 million MT, and 14.5 million MT, respectively. Mid-tier competitors such as Vitol Bunkers, TFG Marine, Monjasa, and Integr8 (target group) are also key players in the global bunker fuel supply market, reporting respective sales volumes of 12.7 million MT, 10.6 million MT, 6.5 million MT, and 6.3 million MT. At the smaller end of the top 10, Fratelli Cosulich Group and Alpha Trading contribute 5.5 million MT and 3 million MT in sales, respectively.

68. On the other hand, the parties submitted that Integr8, the bunker trading arm of the Navig8 Group, holds an estimated [redacted]%[31] share of the global upstream bunker fuel trading market.[32] This indicates that Navig8 is not a significant player in the global bunker fuel market, nor does it hold substantial market power on a global scale in comparison to other major competitors.

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[30] https://shipandbunker.com/bi/top10, accessed on 14 October 2024

[31] Confidentiality of information claimed by the parties.

[32] The parties argue that some of the top 10 bunker traders, unlike Integr8, are also involved in physical supply, and the Ship & Bunker data doesn't distinguish between traded and physically supplied volumes. As a result, market shares based on this data may not accurately reflect the retail trading of bunker fuel. Additionally, the market size calculated from this data only includes these 10 players, potentially underestimating the true market size. Acknowledging the limitations of Ship & Bunker data, the parties have used Integr8's actual volumes to adjust its market share accordingly.

69. The CID, therefore, observed that the Navig8 group's market share in the global market for trading of bunker fuels is not significant and is not likely to change post-merger being the acquirer is not active in this market. From the narrower Common Market perspective, the CID noted from the parties submission that the Navig8 group is not a large supplier of bunker fuel, for instance in [redacted] where it has a retail market share of approximately [redacted]%.[33] In any event, the transaction is not capable of leading to any market share accretion in the trading of bunker fuels market, given that the acquirer is not active in this market, pre-merger.

70. The CID concluded that the proposed transaction will not give rise to a significant market share accretion and will not rise to any market share accretion in the relevant markets and will not raise any unilateral or vertical effects.

## Consideration of Third-Party Views

71. In arriving at its determination, the CID also considered submissions from the national competition authorities of Comoros, DRC, Egypt, Kenya, Libya, Madagascar, Mauritius, Seychelles, and Zambia which confirmed the absence of competition and public interest concerns.

## Determination

72. 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 will it be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.

73. The CID, therefore, approved the transaction.

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

Dated this 14th day of December 2024

**Commissioner Dr Mahmoud Momtaz (Chairperson)**

**Commissioner Lloyds Vincent Nkhoma** **Commissioner Vipin Naugah**

[33] Confidentiality of information claimed by the parties.