



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2013/12/147)

06.02.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by SPVC NewCo Limited

Order under Section 31(1) of the Competition Act, 2002

1. On 27th December 2013, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”) given by SPVC NewCo Limited (hereinafter referred to as “**SPVC**” or “**J.V.**”). The notice was filed pursuant to a Shareholders Agreement dated 5th December, 2013 between INEOS Group Investments Limited (hereinafter referred to as “**INEOS**”), Solvay S.A./N.V. (hereinafter referred to as “**Solvay**”) and SPVC (hereinafter referred to as the “**Shareholders’ Agreement**”). As per the Shareholders’ Agreement, Solvay and INEOS will form a 50-50 joint venture in SPVC by combining their chlorvinyls and related businesses present in the European Economic Area (hereinafter referred to as “**EEA**”) only.
2. As stated, the proposed combination relates to the creation of a joint venture by Solvay and INEOS through a series of inter-related steps, to combine their chlorvinyls and related businesses in the EEA. After the proposed combination takes effect, SPVC will be jointly held and controlled, directly or indirectly, in equal shares, by Solvay and INEOS. As stated in the notice, Solvay and INEOS would contribute to the J.V., substantially all of their chlorvinyls and related businesses in the EEA. Whereas the contribution of Solvay in the J.V. would be by way of transferring its share capital in certain subsidiaries, including NewCo BE, a newly incorporated subsidiary which is proposed to be acquired by SPVC, as well as the assets, spread across seven fully integrated production units in Europe; INEOS would contribute to the J. V. substantially all of its chlorvinyls chemical business which is operated through Kerling plc., a subsidiary of INEOS. Post combination, SPVC will, therefore, own and operate the combined chlorvinyls and related businesses as transferred to it by Solvay and INEOS.



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As stated in the notice, no later than six years after its creation, the J. V. will pass under the sole control of INEOS.

3. Further, as stated in the notice, no local Indian subsidiaries of Solvay and INEOS, operating in India, will be contributed to the J. V. It has also been stated in the notice that none of the Indian subsidiaries of Solvay and INEOS are engaged in any activity related to the chlorvinyls and related products.
4. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 3rd January, 2014, the parties were required to remove certain defects and provide information / document (s) latest by 15th January, 2014. The parties filed their response on 22nd January, 2014 after seeking extension of time for filing their response.
5. The proposed combination falls under Section 5(a) of the Act.
6. SPVC, incorporated as a wholly-owned subsidiary of INEOS, is currently not engaged in any business. However, as stated, after the proposed combination takes effect, the J.V. would be engaged in the business of polyvinyl chloride (‘PVC’) and related products in the EEA. INEOS is a global manufacturer of petrochemicals, speciality chemicals and oil products and operates in many countries across the world. Solvay is also a global manufacturer of chemicals and plastics and has operations in many countries.
7. It has been stated in the notice that the subsidiaries and assets to be contributed by Solvay and INEOS to the J.V. are currently engaged in the manufacture and sale of various chlorvinyls and related products worldwide, such as suspension polyvinyl chloride (S-PVC), emulsion polyvinyl chloride (E-PVC), liquid and solid caustic soda, methylene chloride, chloroform, carbon tetrachloride, sodium hypochlorite, hydrochloric acid, ethylene butadiene, chlorine, vinyl chloride monomer, propylene, ethylene dichloride (EDC), allyl chloride (CAL), epichlorhydrin (ECH), perchlorethylene (PCE) and polyglycerine. However, as per the information provided in the notice, INEOS, through the subsidiaries which are proposed to be contributed to the J. V., sells S-PVC, E-PVC, Methylene Chloride and other products such as Chloroform, Chlorinated Paraffin, to India only through exports. Similarly, the



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subsidiaries of Solvay which are proposed to be contributed to the J. V., sell S-PVC, E-PVC and other products such as PCE, CAL, ECH, and EDC, only through exports, to India.

8. As observed earlier, currently the sales of Solvay and INEOS of the chlorvinyls and related products to India, is through exports only, as neither Solvay nor INEOS, has been engaged in the production of chlorvinyls and related products in India.
9. It is noted on the basis of information in the public domain that PVC is the third most widely used plastic in the world. There are two main types of PVCs, produced through different processes and used for different applications, i.e. S-PVC and E-PVC. Further, S-PVC is the most commonly used form, which accounts for about ninety five per cent of the world's total PVC production.
10. According to information available in the public domain, for the financial year 2012-13, the total domestic consumption of PVC in India was approximately 2.22 MMTA, which was contributed by the domestic capacity of approximately 1.3 MMTA and the rest was imported. The imports, thus, constitute around forty per cent of the total domestic consumption of PVC. It is further observed from information available in the public domain that for the financial year 2012-13, with the presence and contribution of the major domestic producers of PVC in India, the J. V. would have a market share of only around seven per cent, entirely on the basis of volume of PVC exported to India by Solvay and INEOS.
11. As regards the rest of the chlorvinyls related products other than PVC, which are exported by Solvay and INEOS to India, it has been stated in the notice that there are no overlaps of any nature between these products.
12. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed combination after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.



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13. This approval is without prejudice to any other legal/statutory obligations as applicable.
14. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
15. The Secretary is directed to communicate to the SPVC accordingly.

(Geeta Gouri)
Member

(Anurag Goel)
Member

(M.L. Tayal)
Member

(S.L. Bunker)
Member