



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2015/10/332)

8th December, 2015

Notice u/s 6 (2) of the Competition Act, 2002 ('Act') given by:

- **LANXESS Deutschland gmbH and**
- **Aramco Overseas Company B.V.**

CORAM:

Mr. Ashok Chawla
Chairperson

Mr. S. L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. M. S. Sahoo
Member

Mr. G. P. Mittal
Member

Legal representative: M/s Platinum Partners

1. On 23rd October 2015, the Competition Commission of India ('**Commission**') received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 ('**Act**'), jointly given by LANXESS Deutschland gmbH ('**Lanxess**') and Aramco Overseas Company B.V. ('**AOC**') (hereinafter together referred as '**Parties**'). The notice was given pursuant to an Investment Agreement entered into and between Parties on 22nd September 2015.
2. The proposed combination relates to the formation of a 50:50 joint venture ('**JVC**') between Lanxess and AOC. The JVC is a newly established limited liability



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company incorporated by Lanxess as its wholly owned subsidiary in Netherlands. Lanxess shall transfer to the JVC its '**Rubber Business**' i.e. the units engaged in the business of (a) Tire & Specialty Rubbers ('**TSR**') and (b) High Performance Elastomers ('**HPE**'). Thereafter, AOC would purchase 50 percent stake in the JVC.

3. Lanxess, incorporated in Germany, is a wholly owned subsidiary of Lanxess AG which is listed on the Frankfurt Stock Exchange. Both these entities are part of Lanxess group of companies which is mainly engaged in the business of developing, manufacturing and marketing of plastics, rubber, intermediates and speciality chemicals. Currently, Lanxess exports to India the synthetic rubbers proposed to be manufactured by JVC.
4. AOC is a wholly owned subsidiary of Saudi Arabian Oil Company ('**SAOC**') to which it provides support services such as logistics, IT, public relations, HR etc. SAOC is a private limited liability company wholly owned by the kingdom of Saudi Arabia and is engaged in the exploration, production and marketing of crude oil & gas and in the production and marketing of refined products.
5. The proposed combination relates to formation of JVC which would be engaged in business of synthetic rubbers. Synthetic rubbers are artificial elastomers synthesized from petroleum by-products. In relation to the similar or identical or substitutable products, it has been stated by the Parties that neither Lanxess and AOC nor their affiliates and entities controlled by them, are engaged in production, distribution or trading of similar or identical or substitutable products either directly or indirectly, in India or worldwide.
6. It is noted from the information given by the parties that AOC through its sister companies or their respective affiliates is active in some upstream markets i.e. inputs to some of the synthetic rubbers proposed to be manufactured and sold as part of the Rubber Business of JVC.
7. With regard to the possibility of vertical foreclosure, it is noted that market share of AOC through its sisters' companies and their respective affiliates, in all the upstream input markets are insignificant and all the said upstream markets are characterised by the presence of a number of large competitors such as



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ExxonMobil, Equistar, Dow, Braskem, Ineos etc. Further, all the downstream rubber markets appear to be competitive with the presence of a large number of vertically integrated global players such as Sinopec, Petro China, KKPC, Goodyear, NkNk, Denka, DuPont etc. Accordingly, the vertical relationships emanating from the proposed combination is not likely to have any appreciable adverse effect on competition in India in any relevant market.

8. Considering the facts on record, details provided in the notice and assessment of the proposed combination on the basis of factors stated 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 approves the Proposed Combination under sub-section (1) of Section 31 of the Act.
9. This Order shall stand revoked if, at any time, information provided by the parties is found to be incorrect.
10. The Secretary is directed to communicate to the parties accordingly.