



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2019/09/683)

27<sup>th</sup> September, 2019

**Notice under Section 6 (2) of the Competition Act, 2002 filed by Saudi Arabian Oil Company**

**CORAM:**

Mr. Ashok Kumar Gupta  
Chairperson

Ms. Sangeeta Verma  
Member

Mr. Bhagwant Singh Bishnoi  
Member

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

1. On 6<sup>th</sup> September, 2019, Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), filed by Saudi Arabian Oil Company (“**SAOC**”) (Hereinafter, entities which are directly or indirectly controlled by SAOC are collectively referred to as “**Saudi Aramco**” / “**Acquirer**”). The notice has been filed pursuant to the Share Purchase Agreement (“**SPA**”), dated 27<sup>th</sup> March, 2019, executed between SAOC and Public Investment Fund of Saudi Arabia (“**PIF**”/ “**Seller**”).
2. The proposed combination envisages acquisition by Saudi Aramco of 70% shareholding of Saudi Basic Industries Corporation (Hereinafter, entities which are



directly or indirectly controlled by Saudi Basic Industries Corporation are collectively referred to as “**SABIC**” / “**Target**”) from PIF (“**Proposed Combination**”). (Hereinafter, Saudi Aramco and SABIC are together referred to as “**Parties**”).

3. Saudi Aramco is a joint stock company established in the Kingdom of Saudi Arabia (“**KSA**”) by virtue of Royal Decree. It is incorporated in, and wholly owned by the KSA. It is engaged in the exploration, production and marketing of crude oil and natural gas. It is also active in the production and marketing of refined products and petrochemicals. In India, Saudi Aramco is active in the supply of crude oil, base oil, liquefied petroleum gas, polymers, synthetic rubbers and other petrochemical products. Saudi Aramco does not have any production facilities in India, but generates revenues from export sales into India directly through SAOC and through its directly and indirectly controlled entities.
4. SABIC, a joint stock company, is listed on Saudi Stock Exchange. It has been established by Royal Decree of the KSA. It is engaged in the production and sale of commodity chemicals (including petrochemicals), intermediates, polymers, fertilizers and to some extent, metals. In India, it operates through various entities such as SABIC India Private Limited, SABIC Innovative Plastics India Private Limited, SABIC Research & Technology Private Limited and High Performance Plastics India Private Limited.
5. The Acquirer has stated that business activities of the Parties exhibit horizontal overlaps in, *inter alia*, thermoplastic polymers (which may be further sub-segmented into homopolymer resins, impact copolymer resins and random copolymer resins), acrylic/acrylate polymer, synthetic elastomer, olefin hydrocarbons *etc.* Accordingly, following overlapping products in India, were identified by the Acquirer:
  - i. Poly Butadiene Rubber (“**PBR**”);
  - ii. Ethylene, Ethylene Propylene Diene Monomer (“**EP(D)M**”);



- iii. Polyethylene (“**PE**”) (including its potential sub-segments *i.e.* High Density PE (“**HDPE**”), Low Density PE (“**LDPE**”), Linear Low Density PE (“**LLDPE**”);
  - iv. Methyl Methacrylate (“**MMA**”);
  - v. Poly methyl methacrylate (“**PMMA**”);
  - vi. Paraxylene and Polypropylene (“**PP**”) resins (including its potential sub-segments, homopolymers and impact copolymers).
6. Based on the characteristics, usage and price of each of the aforementioned products, the Acquirer has delineated the relevant product market as market for each individual abovesaid product. The Commission, after accepting delineation of relevant product market, as carried out by Saudi Aramco, has defined the relevant product market at a particular product level. Nevertheless, the Commission assessed presence of the Parties and their competitors in sub-segments of various products also. With regards to the delineation of the relevant geographic market, Saudi Aramco has submitted that the relevant geographic market is worldwide / global and is not limited to any particular region or country. However, the Commission noted that as per reading of Section 6 (1) of the Act, it may be seen that appreciable adverse effect on competition is to be determined within the relevant market in India. Accordingly, relevant geographic market may be delineated as India. Nevertheless, the Commission decided to leave open, the exact delineation of relevant market, as the proposed combination is not likely to raise any competition concerns in India (as discussed in detail below).
7. On horizontal overlap, the Commission, based on the submission of Saudi Aramco, observed as follows:
- a. **PBR:** Combined market share of the Parties, post combination, would be 10-15 percent (in both value and volume terms) and incremental market share, due to SABIC, of 0-5 percent (in both value and volume terms). Moreover, there are competitors (market share indicated along with) such as Reliance Industries (45-50 percent both in value and volume terms), Kumho Group (15-20 percent



both in value and volume terms), LG Group (5-10 percent both in value and in volume terms), which would compete with the Parties, post-combination.

- b. **Paraxylene:** Combined market share of the Parties, post-combination, would be 20-25 percent (in both value and volume terms) with incremental market share, due to SABIC, of 0-5 percent (in both value and volume terms). Moreover, there are competitors (market share indicated along with) such as Exxon Mobil Corp. (25-30 percent both in value and volume terms), Oman Oil Refineries and Petroleum Industries Company (20-25 percent both in value and volume terms), Sumitomo Chemical (10-15 percent both in value and in volume terms), Total S.A. (5-10 percent both in volume and value terms), which would provide competitive constraint to the Parties, post-combination.
- c. **EP(D)M:** Combined market share of the Parties, post combination, would be 10-15 percent (in value terms) and 15-20 percent (in volume terms), with incremental market share, due to SABIC, of 0-5 percent (in both value and volume terms). Moreover, there are competitors (market share indicated along with) such as Mitsui Chemicals (10-15 percent both in value and volume terms), Dow DuPont (10-15 percent both in value and volume terms), JSR (10-15 percent both in value and in volume terms), which would provide competitive constraint to the Parties, post-combination.
- d. With reference to the other products exhibiting overlaps and their aforementioned sub-segments (wherever required), namely, Ethylene, PE (including its potential sub-segments i.e. HDPE, LDPE, LLDPE), MMA, PMMA, PP resins (including its potential sub-segments, homopolymers and impact copolymers), the Commission noted that the market share of the Parties, post-combination, would be insignificant to raise any competition concerns. Moreover, for every product segment / sub-segments, there are established competitors with sizeable market share such as Reliance Industries, DowDuPont, Mitsui, GAIL, Indian Oil Corporation, ONGC, Exxon Mobil Corp., which would be competing with the Parties, post-combination.



- e. Accordingly, the horizontal overlap between the products of Parties, as discussed above, are not likely to raise any competition concerns in India.
8. With regards to the vertical relationships, the Commission, based on the submissions, observed that there are no existing vertical relationships but there exists potential for such relationships between the operations and products of parties. On the potential for vertical relationships / integration, the Commission observed that there are other vertically integrated entities like the Parties, post-combination. For example, Reliance Petroleum, Indian Oil, Mangalore Refinery and Bharat Oman are part of vertically integrated companies that are active both in crude oil production and in downstream petrochemicals business. Further, Indian Oil, Bharat Petroleum, Hindustan Petroleum, CPC, BP Singapore and Reliance Industries are vertically integrated companies active both in liquefied petroleum gas production and in downstream petrochemicals activities. On the basis of the foregoing, the potential vertical relationships are also not likely to raise any competition concerns.
9. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act 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, hereby, approves the same under sub-section (1) of Section 31 of the Act.
10. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.



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12. The Secretary is directed to communicate to the Acquirer accordingly.