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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/07/27/2024

**Decision¹ of the 113th Meeting of the Committee Responsible
for Initial Determinations Regarding the Creation of a Full-
Function Joint Venture between BP Exploration Operating
Company Limited and ADNOC International Limited**

ECONOMIC SECTOR: Energy



20 December 2024

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 19 August 2024, the COMESA Competition Commission (the “**Commission**”) received a notification for approval of the merger regarding the creation of a full-function joint venture between BP Exploration Operating Company Limited (“**BPEOC**”) and ADNOC International Limited (“**AIL**”), 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.



The Parties

BPEOC

4. BPEOC is a company incorporated in England and Wales. BPEOC is an indirect subsidiary of BP p.l.c. (“**bp**”). bp and all firms controlled, whether directly or indirectly, by bp are referred to as the “**bp Group**”
5. bp is the parent company of a global integrated energy group with operations in Europe, North and South America, Australasia, Asia and Africa. bp Group’s global activities focus on four business areas: (i) production and operations of hydrocarbons (oil and gas); (ii) customers and products (which is growing bp’s convenience and mobility offering for customers); (iii) gas and low carbon energy (including renewables and integrated gas); and (iv) innovation and engineering for driving digital transformation.
6. BPEOC, in particular, is engaged in the production and selling of petroleum products.
7. In the Common Market, the bp Group is involved in exploration, production and marketing of energy products and services and production, trading and marketing of petroleum products, metal lubricants and chemical materials.
8. Table 1 below presents the activities of bp in the Common Market in 2023.

Table 1 – Activities of bp Group in the Common Market

Undertaking	Activity	Member State
[REDACTED]	Execution of concession agreement(s)	Egypt
[REDACTED]	Execution of concession agreement(s)	
[REDACTED]	Production, trading and marketing of petroleum products, metal lubricants and chemical materials	
[REDACTED]	Execution of concession agreement(s)	
[REDACTED]	Execution of concession agreement(s)	
[REDACTED]	Marketing, whether directly or indirectly, through a sales outlet owned by agents, distributors and/or other third parties	
[REDACTED]	Marketing all petroleum and chemical products	

9. The parties submitted that in Egypt, bp’s investments include West Nile Delta, Atoll and Zohr. bp and its partners, through its joint ventures with the Egyptian Natural Gas Holding Company (“**EGAS**”), Egyptian General Petroleum Corporation,



International Egyptian Oil Company, Eni, the Pharaonic Petroleum Company and through collaboration with Belayim Petroleum Company, produce more than 70% of Egypt’s total gas supply². Further, bp also owns an interest in other exploration projects in Egypt. In October 2023, bp secured an exploration block located offshore of Egypt as part of EGAS 2022 International Bid Round³.

10. The parties submitted that the bp Group has assets in Libya. The parties clarified that such assets relate to an exploration and production sharing agreement (“EPSA”) in which bp has 42.5% stake. In regard of the latter EPSA, bp partners with the Libyan Investment Authority (“LIA”) and Eni to explore acreage in the onshore Ghadames and offshore Sirt basins.
11. The parties further submitted that bp’s only subsidiary in Libya, [REDACTED], is active in hydrocarbon exploration but does not generate any sales in the Common Market.

AIL

12. AIL is a company incorporated under the Laws of the United Arab Emirates⁴. AIL is a subsidiary of Abu Dhabi National Oil Company P.J.S.C. (“ADNOC”).
13. ADNOC is an energy and petrochemicals group operating across the entire hydrocarbon value chain through a network of fully integrated businesses. ADNOC is principally active in the exploration, production, storage, refining, and distribution of oil and gas, as well as in the development of petrochemical products.
14. AIL has the objective of investing in, holding and managing upstream, midstream and downstream oil and gas companies and assets owned by ADNOC outside the Emirate of Abu Dhabi.
15. Table 2 below presents the activities of ADNOC in the Common Market in 2023⁵.

Table 2 – Activities of ADNOC in the Common Market

Member State	Undertaking(s)	Activity
Burundi	[REDACTED]	Sales of polyethylene and polypropylene
Comoros	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of polyethylene

² BP Annual Report 2023 www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-2023.pdf accessed 9 October 2024

³ *Ibid*

⁴ AIL was recently renamed/reconstituted as XRG

⁵ Confidential information claimed by merging parties



Democratic Republic of Congo	[REDACTED]	Sales of lubricants
	[REDACTED]	Sales of polyethylene and polypropylene
Djibouti	[REDACTED]	Sales of lubricants
	[REDACTED]	Sales of polyethylene and polypropylene
Egypt	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of lubricants
	[REDACTED]	Sales of sulphur
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of gas oil and fuel oil
	[REDACTED]	Sales of gas oil, gasoline, mazot, jet oil, lubricants, non-fuel products and "other" products
	[REDACTED]	Sales of urea and ammonia
Eritrea	[REDACTED]	Sales of gasoline, gas oil, fuel oil and jet fuel
Ethiopia	[REDACTED]	Sales of lubricants
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Derived revenue via exports
	[REDACTED]	Sales of urea
Kenya	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of gas oil and jet fuel
	[REDACTED]	Sales of urea



Libya	[REDACTED]	Produces crude oil
Madagascar	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of sulphur
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of lubricants
	[REDACTED]	Provision of shipping services
Mauritius	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of jet fuel and gas oil
Rwanda	[REDACTED]	Sales of lubricants
	[REDACTED]	Sales of polyethylene and polypropylene
Seychelles	[REDACTED]	Sales of gas oil and jet fuel
Sudan	[REDACTED]	Sales of lubricants
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of urea
Tunisia	[REDACTED]	Sales of crude oil, natural gas and natural gas liquids
	[REDACTED]	Sales of sulphur
	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of sulphur
	[REDACTED]	Sales of ammonia
	[REDACTED]	Sales of sulphur



Uganda	[REDACTED]	Sales of export products (lubricants)
	[REDACTED]	Sales of polyethylene and polypropylene to customers
	[REDACTED]	Derived revenue via exports
Zambia	[REDACTED]	Sales of polyethylene and polypropylene
	[REDACTED]	Sales of polyethylene and polypropylene
Zimbabwe	[REDACTED]	Sales of polyethylene
	[REDACTED]	Sales of polyethylene

Jurisdiction of the Commission

16. 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*
- 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".*

17. 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

18. The Proposed Transaction constitutes the formation of a newly established full-function joint venture between BPEOC and AIL to which bp will contribute its interests in certain natural gas concessions in Egypt (i.e., the Target Assets).
19. The joint venture will be created through:
 - i. the establishment of a joint venture company (i.e., JointCo), whose shares will be held directly or indirectly by BPEOC (as to 51%) and AIL (as to 49%) respectively, and the incorporation of a new 100% owned UK entity "NewCo"; and
 - ii. the indirect transfer of the Target Assets to JointCo by way of a series of interim steps.
20. The Target Assets will be transferred to JointCo by way of the following interim steps:
 - i. Step 1 – the incorporation of a newly-established company, Arcius Energy Egypt Limited ("AEEL") as a wholly-owned subsidiary of BPEOC.
 - ii. Step 2 – the contribution of the Target Assets to AEEL by BP Exploration (Delta) Limited.
 - iii. Step 3 – the acquisition by JointCo of the entire issued share capital of AEEL from BPEOC.
21. Following the successful implementation of the transaction, BPEOC and AIL will jointly control JointCo (including the Target Assets).

Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

22. Paragraph 7 of the Commission's Guidelines on Market Definition states 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"***.
23. The CID noted that the Joint Venture will be active in the exploration, development, production and marketing of natural gas and condensate in Egypt.



24. The CID also noted that ADNOC is active in the production of crude oil in Libya and sales of crude oil and natural gas in Tunisia⁶ while bp is active in the exploration, production and supply of crude oil and natural gas in Egypt.
25. The CID considered that the activities of the Joint Venture in relation to natural gas and condensate belong to different levels of the supply chain and can be categorized into distinct markets, spanning from exploration to the supply of the end products to consumers.

Exploration of gas and crude oil

26. The upstream level of the oil and gas industry comprises of exploration activities, which include finding new potential reserves of oil and gas through the use of geological surveys, obtaining land rights and the development thereof.
27. The CID has previously segregated the market for the exploration of crude oil and natural gas market from the production and supply market⁷. Exploration is deemed as a separate activity from the production and supply because these activities may not always be conducted by one and same enterprise and the competition dynamics and customers at each level differ. Exploration is not a market which is open to all market participants. Rights of exploration are given by a host country to one or a consortium of enterprises. The main customer at the exploration stage is the Government of the country which has given the exploration rights. Once crude oil and gas has been found, other entities can come in to exploit the products.
28. The CID has taken the view that the exploration of crude oil and gas comprises a single product market because at exploration stage, the contents of the reserve are unknown⁸. Noting that the formation of crude oil and gas occur through the same process, that is, from fossilised animals and plants, and may be found at the same place, the CID considered that the exploration of crude oil and natural gas comprises of a single relevant product market⁹.
29. The CID further noted that the Concession Agreements do not segregate gas and crude oil exploration.
30. **In view of the foregoing, the CID considered that the exploration of crude oil and natural gas comprises a single relevant product market.**

⁶ Confidential information claimed by the merging parties

⁷ Decision of the 101st Committee Responsible for Initial Determinations Regarding the Merger Involving Abu Dhabi National Oil Company and OMV Aktiengesellschaft

⁸ *Ibid*

⁹ *Ibid*



Production and supply of gas and crude oil

31. Where an oil reserve has been identified, the site is drilled to extract and produce gas and crude oil. The production process requires the setting up of adequate infrastructure (including oil platforms, pipelines, and terminals for future production); and the production and sale of the crude oil and gas involving the exploitation of reserves and the wholesaling of the crude oil and natural gas.
32. The CID has previously considered that along the value chain of crude oil/natural gas production and for competition assessment, it is the supply which should be considered as a market activity since it is at this stage the products are available for trading to customers¹⁰.
33. The CID observed that condensate is, essentially a "by-product" of natural gas production and is substitutable with crude oil. The parties have further submitted that:
 - i. Crude oil and condensate have the same liquid form and main composition. They both comprise a mixed stream of hydrocarbons representing light hydrocarbons and heavier hydrocarbons. While condensate has lower density than crude oil (and therefore is widely referred to as "light oil"), it shares the main applications with crude oil.
 - ii. Although there are differences between crude oil and condensate under reservoir conditions (i.e., condensate is in a gaseous state and typically found alongside natural gas deposits), these are outweighed by the strong demand substitutability between crude oil and condensate. Condensate would condense into liquid form (like the crude oil) when it is extracted and brought to the surface and would undergo a decrease in pressure and temperature. Any distinction between crude oil and condensate under reservoir conditions would be rendered obsolete at that point.
 - iii. Industry participants typically consolidate market data of condensate into that of crude oil.
34. The CID further observed that gas condensate is a mixture of light hydrocarbon liquids obtained by condensation of hydrocarbon vapors¹¹. Further, constituents of natural gas condensates are hydrocarbon derivatives that are from the same family of molecules as natural gas and crude oil and are composed exclusively of carbon and hydrogen¹². Condensate is therefore any type of oil that "condenses" into a liquid form after being freed from high-pressure wells, where it is present in

¹⁰ *Ibid*

¹¹ James G. Speight Ph.D., D.Sc., in [Natural Gas \(Second Edition\)](#), 2019

¹² *Ibid*



gas form, or separated from gas. For this reason, the Commission agrees with the parties that condensate can be included in crude oil.

35. In line with its decisional practice, the CID considers the other relevant markets as respectively, the wholesale supply of natural gas and the wholesale supply of crude oil including condensates. These markets entail the setting up of the infrastructure and the exploitation and wholesaling of crude oil and natural gas.
36. The CID recalled its previous approach which considered the upstream wholesale supply of crude oil as distinct from the upstream wholesale supply of natural gas and thus assessed these markets separately¹³. Distinctions between the two markets can be drawn based on the different usages that crude oil and natural gas are intended for. For instance, oil is mainly used for transportation as opposed to gas, which is mainly for power generation and the equipment, items, machines that would allow usages of the two are different and this would limit substitution. Further, crude oil and gas are subjected to different costs (i.e., transportation, storage) and pricing constraints which is likely to further limit their substitution.
37. Based on the foregoing, for the purposes of this transaction, the CID considered the wholesale supply of natural gas and the wholesale supply of crude oil including condensates as separate relevant markets.
38. In view of the activities of the Joint Venture, the CID identified the relevant product markets as the market for:
 - i. The exploration of oil and gas in the Common Market;
 - ii. The global production and wholesale supply of natural gas; and
 - iii. The global production and wholesale supply of crude oil including condensates.

Relevant Geographic Market

39. The Commission's 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**"¹⁴.

The exploration of oil and gas

40. The CID has previously considered that the exploration of oil and gas is undertaken on a global basis given the players operate at a global level¹⁵. The

¹³ *Ibid*

¹⁴ Paragraph 8

¹⁵ Decision of the 101st Committee Responsible for Initial Determinations Regarding the Merger Involving Abu Dhabi National Oil Company and OMV Aktiengesellschaft



players can engage in exploration activities in different jurisdictions globally if they obtain the requisite licenses issued by national governments to conduct these activities. Therefore, the market is likely to be categorised as global.

41. In line with its decisional practice, in the current transaction, the CID considered the relevant market for the exploration of oil and gas to be global.

The wholesale supply of crude oil including condensates & the wholesale supply of natural gas

42. The CID has previously concluded that the supply of crude oil and natural gas takes place at the global level wherein their pricing, demand and supply are subjected or are influenced by global forces¹⁶. The CID considered that the players in these markets operate globally and are able to switch supply across the globe as influenced by demand and supply forces. Further, from a customer perspective the demand patterns are not limited to national boundaries but rather the availability of supply on the global market such that in an event of a 5 – 10% small but significant non-transitory increase in the price for crude oil or natural gas, customers are able to shift to other global suppliers.
43. In view of the going, the markets for the wholesale supply of crude oil; and the production and supply of natural gas are considered as global.

Conclusion of Relevant Market Definition

44. For the purposes of assessing the proposed transaction, and without prejudice to the CID's approach in future similar cases, the CID has identified the relevant markets as:
- i. ***The global exploration of oil and gas;***
 - ii. ***The global production and supply of natural gas; and***
 - iii. ***The global wholesale supply of crude oil including condensates.***

Market Shares and Concentration

45. The parties submitted the following market shares and that of their competitors in relation to the market for the exploration of crude oil and natural gas on a global basis for 2022 as per the Table 3 below.

¹⁶ Decision of the 101st Committee Responsible for Initial Determinations Regarding the Merger Involving Abu Dhabi National Oil Company and OMV Aktiengesellschaft



Table 3: Estimated Market Shares in the global market for the exploration of crude oil and natural gas for 2022¹⁷

2022				
Entity	Expenditure		Reserves	
		Market share (%)		Market share (%)
Bp Group (excluding the Target Assets)		[0 – 10]		<1
Target Assets		-		<1
ADNOC		[0 – 10]		[0 – 10]
Saudi Aramco		-		[10 – 20]
ExxonMobil		[0 – 10]		[0 – 10]
CNPC		N/A		[0 – 10]
Shell		[0 – 10]		[0 – 10]
Total Market Size		100		100

46. The CID noted the submission by the parties that ADNOC’s market share for the global exploration for oil and gas based on reserves is ██████%¹⁸.
47. Considering that ADNOC explores oil and gas in Libya and Tunisia only, the CID is of the view that its market shares are not likely to be significant. Considering that its market share is approximately ██████%¹⁹ at global level, the CID was of the view that its market shares are likely to be lower in the Common Market. The CID noted that in a previous transaction²⁰, OMV and ADNOC submitted that their combined market shares in the exploration of crude oil/gas and the production and sale of crude oil was less than ██████%²¹.
48. In line with its previous decisional practice, the CID considered that the structure of these markets is unlikely to change particularly in the Common Market where only the Joint Venture will be active²².
49. The CID noted the following market shares of the parties and their competitors for the wholesale supply of natural gas in Egypt for the year 2023 as per the Table 4 below.

¹⁷ Confidential information claimed by the merging parties

¹⁸ Confidential information claimed by merging parties

¹⁹ Confidential information claimed by merging parties

²⁰ Decision of the 101st Committee Responsible for Initial Determinations Regarding the Merger Involving Abu Dhabi National Oil Company and OMV Aktiengesellschaft

²¹ Confidential information claimed by merging parties

²² Decision of the 101st Committee Responsible for Initial Determinations Regarding the Merger Involving Abu Dhabi National Oil Company and OMV Aktiengesellschaft



Table 4: Estimated Market Shares for the wholesale supply of natural gas in Egypt

2023		
Entity		Market Shares (%)
Bp Group (excluding Target Assets)		[10 – 20]
Target Assets		[0 – 10]
ADNOC		0
Eni		[30 – 40]
Rosfeft		[10 – 20]
Apache		[0 – 10]
Sinopec		[0 – 10]
Other competitors		[20 – 30]
Total		100

50. In relation to the production and supply of natural gas, the CID noted that only market shares for Egypt were provided. However, the CID defined the relevant market as the global market for production and supply of natural gas. The CID considered that the market shares of BP and the Joint Venture are likely to be diluted on the global level which is replete with many players.
51. The CID noted the market shares of the parties and its competitors for the wholesale supply of crude oil (including condensate) in Egypt for the year 2023, as per the Table 5 below.

Table 5: Estimated Market Shares for the wholesale supply of crude oil (including condensate) in Egypt

2023		
Entity	Production Volume	Market Shares (%)
Bp Group (excluding Target Assets)	²³	²⁴
Target Assets	²⁵	²⁶
ADNOC	²⁷	²⁸
Eni		
Apache		
Sinopec		
Other Competitors		
Total		

²³ Confidential information claimed by the merging parties

²⁴ Confidential information claimed by the merging parties

²⁵ Confidential information claimed by the merging parties

²⁶ Confidential information claimed by the merging parties

²⁷ Confidential information claimed by the merging parties

²⁸ Confidential information claimed by the merging parties



52. The CID noted that the above market shares have been provided for Egypt only. However, the CID has defined the relevant market as the global market for the global production and supply of crude oil. The CID is of the view that the market shares of BP and the Joint Venture are likely to be lower on the global level.

Consideration of Third-Party Views

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

Determination

54. 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.
55. The CID, therefore, approved the transaction.
56. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 20th day of December 2024

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Vipin Naugah

