



THE PROPOSED TRANSFER OF 85% OF THE ISSUED SHARE CAPITAL IN GLOBAL PETROLEUM PRODUCTS KENYA LIMITED TO E3 ENERGY DMCC

1. The Competition Authority of Kenya has approved the proposed transfer of 85% of the issued share capital in Global Petroleum Products Kenya Limited to E3 Energy DMCC unconditionally.
2. E3 Energy DMCC (E3 Energy), the acquiring undertaking, is incorporated in United Arab Emirates. It is an investment holding company engaged in the energy sector, risk management, finance, logistics, marketing and distribution of oil, fund management services, among others. E3 Energy does not have operations in Kenya, hence has no turnover nor assets in Kenya.
3. Global Petroleum Products Kenya Limited (GPP), the target undertaking, was incorporated in Kenya in April 2004. GPP distributed petroleum products in Kenya.
4. Specifically, the company is involved in the provision of distribution of Avgas, Jet A-1, gasoline (premium & regular), kerosene, gas oil, industrial diesel, fuel oils, bitumen, lubricants and greases.
5. The proposed transaction involves the transfer of 85% of the issued share capital in GPP to E3 Energy. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
6. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.
7. The acquirer, as indicated, is an investment holding company while the target is in the business of distributing petroleum products.



8. Therefore, for purposes of analyzing the transaction, the relevant product market was determined as the market for retail supply and distribution petroleum products. The target provides its activities throughout Kenya and therefore the relevant geographical market is national.
9. According to data from the Petroleum Institute of East Africa (PIEA), the petroleum sector in Kenya is organized into three sections: the upstream, mid-stream and downstream markets.
10. The upstream market involves the process of exploration, development and production of crude oil and natural gas. The mid-stream sector is concerned with storage, refining and transportation of crude oil into consumable petroleum products.
11. In the downstream market, where GPP operates, refined products are made available to the consumers through supply and distribution, for example at petrol stations.
12. PIEA's report on Petroleum Industry Market Structure 2019 indicates that the leading four players in the market for downstream petroleum distribution are; KenolKobil (14.7%), Total (13.1%), Vivo (12.3%) Ola energy 5.3% and Gulf (5.2%). The target had a market share of 0.11%.
13. Post-merger, the market structure and concentration will not change since the acquirer does not engage in a similar business with the target. In addition, it is anticipated that the merged entity will face competition from the other players in the market.
14. Therefore, it is the Authority's view that the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for supply and distribution petroleum products.
15. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;
 - i. extent to which a proposed merger would impact employment opportunities;



- ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
16. The proposed transaction is unlikely to lead to any redundancies as the acquirer does not have a physical presence in the country and the target has indicated that it will continue with its operations as it currently does. The acquirer has also indicated that they intend to expand the target's business, a move which will impact positively on employment.
17. Premised on the foregoing, the Authority approved the proposed transfer of 85% of the issued share capital in Global Petroleum Products Kenya Limited to E3 Energy DMCC unconditionally.