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MEDIA RELEASE	Contact Person	Mr. V. Keenoo
	Investigation Ref	INV067
	Date	23/05/2024

Following concerns expressed by the Competition Commission, Vivo Group commits to divest Engen Petroleum (Mauritius) Limited as a condition to acquire Engen Limited in South Africa

Introduction

Vivo Group, (through Vitol Emerald Bidco (Pty) Limited), is acquiring Engen Limited in South Africa, which owns and operates Engen Petroleum (Mauritius) Limited ("Engen Mauritius") in Mauritius. Vivo Group is present in Mauritius through, inter alia, Vivo Energy Mauritius Limited ("Vivo Mauritius"), which operates "Shell" filling stations.

Given that the parties to the merger operate in several African countries, the transaction has a regional dimension and as such, it was notified to the COMESA Competition Commission for assessment. Given that there were significant concerns in Mauritius, the Competition Commission (Mauritius) requested the COMESA Competition Commission for the merger to be assessed locally, in so far that it concerns markets in Mauritius. The referral was granted, and consequently the Competition Commission (Mauritius) assessed the effects of the merger on markets in Mauritius.

The Executive Director of the Competition Commission (Mauritius) (the "Executive Director") was concerned that the merger will enable Vivo Group to control both Vivo Mauritius and Engen Mauritius, resulting in significant market concentration. As such, the Executive Director was concerned that the merger may harm competition in several markets in Mauritius, particularly, in the supply of mogas and diesel used mainly by vehicles and commercial users, jet fuel for the aviation sector, marine gasoil and fuel oil for ships and vessels. As such, the Competition Commission (Mauritius) objected to the merger given its effects in Mauritius and notified the merger parties of the competition concerns.

Consequently, the parties offered undertakings (binding commitments) to address the competition concerns raised by the Executive Director; undertakings which have been accepted by the Commissioners. In brief, the merger parties will now have to divest Engen Mauritius to an independent Purchaser, to maintain the number of operators to 4 in Mauritius.

The decision of the Commission is available on the website of the Competition Commission or at this link.

The Concerns of the Executive Director

The Executive Director was concerned that the merger may substantially lessen competition in Mauritius as follows:

- In the **market for the supply of mogas and diesel** both at retail and commercial level, the merger may result in significant increase of market share of merging parties to above 50% and may result in significant market concentration. The number of players on the market may be reduced from four to three. 87 out of 167 filling stations would have been under the control of Vivo Mauritius.
- In the **market for the supply of jet fuel**, there were concerns that the market is already concentrated, and the merger would further concentrate the market, resulting in substantial lessening of competition.
- In the **market for the supply of marine gasoil**, there were concerns that the merger would lead to an increase of market shares of above 50%, leading to potential competition issues and enhancing the market power of the operators.
- In relation to the **market for the supply of fuel oil for ships/vessels**, although Vivo Mauritius is not an active supplier of fuel oil, it owns important assets for the storage and supply of fuel oil. As such, the Executive Director was concerned that the merger may enable Vivo Group to control directly or indirectly a significant part of assets for the supply of fuel oil and consequently, the market for the supply of fuel oil.

The merging parties were informed of the concerns of the Executive Director, and they promptly offered to provide undertakings to the Competition Commission (Mauritius) to address those concerns. After various rounds of discussions on the undertakings, the parties offered a final undertaking on 13 March 2024.

The Undertakings

In brief, the parties have undertaken to sell Engen Mauritius to an independent Purchaser. The divestment business encompasses Engen Mauritius' ongoing operations in supplying diesel and mogas for retail and commercial use, jet fuel for aviation market, and marine gasoil and fuel oil for use by marine vessels. The Commission has allowed Vivo Group to acquire 7 filling stations of Engen Mauritius and certain commercial contracts, to an extent that will not have significant effects on competition in Mauritius. As such, the new operator that will purchase Engen Mauritius will acquire 30 out of 37 filling stations of Engen Mauritius.

The Purchaser to whom Engen Mauritius will be sold must be independent from Vivo Group and must be able to sustain the state of competition in the market. The Purchaser must be approved by the Competition Commission (Mauritius).

Prior to the divestment, Vivo Group must ensure that the business of Engen Mauritius is ring-fenced, (that is, managed separately and independently) from that of Vivo Mauritius, to ensure they operate independently.

The Decision

Following assessment, the Executive Director found that the undertakings offered would satisfactorily allay the competition concerns he had and, he therefore recommended the Commissioners to accept the undertakings. With the implementation of the undertakings, there will remain four operators, and there will be no substantial lessening of competition in Mauritius. The Commissioners accepted the undertakings, and it has been given the form of a direction, which is now binding on the parties.

Statement of the Executive Director, Mr. Deshmuk Kowlessur

"Petroleum products are of strategic importance to the country, affecting several sectors, consumers and the economy at large. It is essential to have a healthy competition in such an industry for the interest of consumers and proper development of the economy.

We were concerned that the merger might significantly impede effective competition in various markets, in relation to the supply of mogas and diesel, jet fuel, marine gasoil and fuel oil.

We expressed objections to this merger in that it would have brought Vivo Mauritius and Engen Mauritius under common ownership and control, reducing the number of operators from 4 to 3. As a competition authority, our role is to favour competition and ensure that mergers do not harm competition and consequently consumers.

We appreciate the collaborative stand of the parties in providing the undertakings to address our objection to the merger and the competition concerns identified. Indeed, such stand is most welcome as it expedites the investigative process, thereby enabling consumers and the economy to reap the benefits of competition in a speedier manner.

Through these undertakings, the market will see the entry of a new operator that will acquire Engen Mauritius and will continue to benefit from the presence of 4 operators, ensuring undistorted competition. We are confident that the undertakings will maintain the dynamics of competition in the potentially affected markets.

We now look forward for the implementation of the undertakings and the proposal of a new and independent purchaser of Engen Mauritius."

End of media release