Determination No. M/04/015 of the Competition Authority, dated 6th April 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/015 – Acquisition by ExxonMobil Chemical Limited of assets of British Petroleum relating to its Isopropanol business

Introduction

1. On 12th March 2004 the Competition Authority ("the Authority"), in accordance with Section 18(1) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby ExxonMobil Chemical Limited ("ExxonMobil Chemical") would acquire certain assets of British Petroleum ("BP") relating to BP's Isopropanol ("IPA") businesses – "the proposed transaction".

2. The proposed transaction is international in scope and has been notified to the competition authorities of four other EC Member States, however.

The Parties

3. ExxonMobil Chemical is a subsidiary of ExxonMobil Corporation, an oil company with global presence whose main activities are the exploration for and recovery of crude oil and natural gas and refining of crude oil into products including petroleum and petroleum derived products, product storage and transportation of products. Its affiliates in the island of Ireland are Esso Ireland Limited, Esso Manufacturing Limited and Mobil Oil Ireland Limited, all involved in the petroleum business but not in the petrochemical business. ExxonMobil Chemical is one of the world's largest petrochemical companies. It manufactures and markets olefins, aromatics, fluids, synthetic rubber, polyethylene, polypropylene, oriented polypropylene packaging films, plasticizers, synthetic lubricant basestocks, additives for fuels and lubricants, zeolite catalysts and other petrochemical products.

4. BP is also a global oil company that owns and controls a number of subsidiary companies. BP group's main activities are similar to those of ExxonMobil Corporation, described above.

The Proposed Transaction

5. ExxonMobil Chemical proposes to acquire control of BP's remaining IPA marketing activities in Europe, by the acquisition of assets that mainly comprise BP's customer lists in Ireland, the U.K., and fourteen other European countries. No company shares or tangible assets, such as plant facilities or equipment, are to be acquired. Current contractual rights and obligations between BP and its IPA customers will be assigned to ExxonMobil Chemical, and BP will also provide ExxonMobil Chemical with its IPA marketing know-how.

6. BP announced on 17 February 2004 that for commercial reasons it intends to close its only IPA production plant in the world, at Port Talbot in South Wales. BP no longer views IPA as one of its core products and intends to entirely step

away from the IPA industry, whereas ExxonMobil Chemical has expanded its IPA manufacturing facility in the United States, and intends to expand its IPA sales operation in Europe.

7. A non-compete clause, set out in the Purchase Agreement between the parties to the proposed transaction, provides that companies of the BP group will not compete with ExxonMobil for a period of 36 months from the date of closing of the proposed transaction in any business area related to the businesses sold under the proposed transaction. This ancillary restraint condition is considered necessary to ensure that the full value of the assets is transferred to ExxonMobil Chemical.

Isopropanol

8. Isopropanol is a colourless solvent, widely used as a chemical addition in the manufacture of cosmetics, inks, glues, healthcare products, pharmaceuticals, sterilising surgical cleaners, flavours, fragrances and automotive windscreen wash (where it acts as both an anti-freeze agent and a cleaning solvent). It also has several industrial applications, including cleaning of electrical components and dissolving of oils, resins and latex. It is also used as a chemical intermediate in other chemical processes.

9. Sasol/Condea[1] concerned a proposed concentration where the main product overlap was in two types of solvent, Methyl Ethyl Ketone (MEK) and IPA. The European Commission, in deciding that it was not necessary to define the relevant markets, referred to an earlier decision where it had found that IPA caould not be substituted with other solvents and consequently constitutes a separate product mark

10. In Sasol/Condea the Commission also formed the view that the relevant geographic market for IPA is at least Europe-wide and possibly worldwide. The fact that BP proposes to sell all of its IPA businesses in Europe simultaneously supports that view.

Analysis

11. ExxonMobil Chemical provided estimates of shares in the European IPA industry[2], set out below:

COMPANY	IPA INDUSTRY SHARE
Shell Chemical	40 - 50%
Sasol	25 - 35%
BP	10 - 20%
ExxonMobil Chemical	0 -10%
Dow Chemical	0 -10%
Other imports	0 -10%

12. The share estimates indicate that, although the proposed transaction would result in the removal of a large competitor, BP, from the European IPA industry, a

[1] Case No. COMP/M. 2269 (2002)
[2] Based on a 2003 market study

sufficient number of alternative IPA suppliers would remain to ensure effective competition.

13. Further, ExxonMobil currently has no presence in the Irish IPA industry but would acquire BP’s less than 25% share as a result of the proposed transaction. Therefore with regard to the Irish IPA industry the proposed transaction constitutes a bare transfer of industry power, and will not effect concentration.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority