



Determination of the Competition Authority

Determination No. M/03/031 of the Competition Authority, dated 6th November 2003, under Section 21 of the Competition Act, 2002

Notification No. M/03/031 – Proposal by Stafford Holdings to acquire Clashfern Holdings Limited

Introduction

1. On 6th October 2003 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Stafford Holdings would acquire all the shares not already held by it in Clashfern Holdings Limited.

The Parties

2. Stafford Holdings is an unlimited company registered in Ireland and a member of the Stafford Group (Stafford), which is involved in a number of businesses including the importation and distribution of oil products. Stafford currently owns a 36.2% shareholding in Clashfern Holdings Limited.
3. Clashfern Holdings Limited is a private limited company incorporated in Ireland and is a holding company for a number of subsidiaries, including Campus Oil Limited, which are also involved in the importation and distribution of oil products. The Clashfern Group (Campus) also operates a number of mainly dealer owned service stations throughout Ireland selling motor fuels.

Analysis

4. The overlap in the parties’ activities occurs in the sale and distribution of certain oil products, namely gas oil, kerosene and motor diesel.

Gas Oil

Gas oil is also known as agricultural oil or tractor diesel. It is used as a fuel for heating in industry and households.

Kerosene

Kerosene is also used for heating in industry and households. Like gas oil, kerosene may be sold either directly to end consumers or indirectly through distributors.

Motor Diesel

Motor diesel is also known as DERV and is used for road vehicles. It has similar properties to gas oil.



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5. The above oil products are sold by the parties either directly to large industrial/commercial consumers ordering large quantities, or indirectly via owned and independent distributors to smaller consumers including households, road hauliers and service stations. Distributors of oil products normally operate within a particular geographic radius, the size of which tends to depend on the scale of the distributor's operations. Like a number of large oil companies, Stafford also sells motor diesel via fuel card sites located in the north east of the country. These typically service road hauliers who are issued a card by a particular oil company and use the card to purchase required amounts of fuel. Campus does not operate fuel card sites.
6. Stafford achieves the bulk of its oil product sales in the north eastern part of Ireland, in Louth, Meath and Monaghan whereas Campus sales are more evenly distributed throughout the country, with a large part of sales achieved in the south east. The main geographic area where sales overlap is the north east: in Louth, Monaghan, Cavan and most of Meath.
7. Data from the parties and enquiries have shown that there are a significant number of competitors capable of exercising a competitive constraint on the parties. A number of international and domestic companies including Texaco, Statoil, TOP, Emo and Shell sell oil products through distributors in the north east area. The combined national share of the parties for 2002 is 8.6% for sales of gas oil, 5.2% for sales of motor diesel and 9.7% for sales of kerosene. In the geographic area of overlap, i.e. the north east, the parties estimate that their combined sales of oil products account for less than 10% of oil product sales in the region and our own investigations have confirmed this. Given the relatively small shares and the relatively large number of competing undertakings, the proposed transaction does not give rise to competition concerns.

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

6th November 2003