

SPANISH COMPETITION

Highlights ...

Weekly follow-up: 20 – 24 May.

The CNMC approves the acquisition of Ballenoil by Cepsa with commitments

The National Commission on Markets and Competition (“**CNMC**”) has authorized the acquisition of sole control of Ballenoil, S.A. (“Ballenoil”) by the Compañía Española de Petróleos, S.A. (“**Cepsa**”) with commitments.

The operation concerns the retail distribution of motor fuels (petrol and diesel) through petrol stations, as well as the market for the supply of motor fuels.

Identified competition risks

The CNMC has analysed the environments corresponding to the petrol stations acquired by Cepsa and has identified competition risks in three of them, due to the high horizontal overlaps and/or the lack of sufficient independent petrol stations with prices similar to or lower than those applied by Ballenoil.

In this regard, the transaction resulted in a loss of competitive pressure in those environments and the risk of an increase in price levels.

Proposed commitments

Commitments are measures or conditions imposed by competition authorities aimed at preventing or mitigating the negative effects that the merger could have on competition in the market.

In this regard, to address these risks, Cepsa has presented a series of commitments consisting of the divestment of four Ballenoil petrol stations to Petronet España, S.A.U, as well as a commitment not to repurchase them for the next 10 years.

Regarding the petrol stations that cannot be divested simultaneously with the approval of the transaction, Cepsa has committed to ensuring the continuity of the low-cost model that existed prior to the transaction.

The CNMC has considered that the commitments are sufficient to remedy the competition concerns identified and, therefore, has decided ending the procedure without an infringement declaration.