30 July 2015: Petroleum products in La Réunion

Published on November 09, 2015

The Autorité de la concurrence clears the acquisition of the Société Réunionnaise de Produits Pétroliers ("SRPP") by the Rubis group subject to conditions

> Version française

The Autorité de la concurrence clears the acquisition of the SRPP by the Rubis group subject to certain commitments. Rubis is an international player in energy, present in France and internationally in the butane, propane and LPG distribution sector. The SRPP is active in the import and sale of oil and LPG products in La Réunion, and operates the overseas department's petroleum products storage facilities.

Specific characteristics of the oil sector in La Réunion

The oil sector in La Réunion is characterised by a number of specific features. It is an island territory, distanced from the mainland and belonging to the European Union. This fact means that the fuel it uses must meet European standards, making it difficult to import from neighbouring countries. Given these constraints, it was acknowledged that pooling of logistics for the supply of the area with oil products was appropriate. Imports are therefore carried out by a hydrocarbon import committee ("comité importateur des hydrocarbures", or "CIH") comprising the various petroleum products distributors, including the SRPP, which also controls the storage infrastructures. In addition, Decree No. 2013-1315 of 27 December 2013 defines the pricing rules for oil and gas products and sets out a framework for relations between operators involved in the wholesale and retail markets for the distribution of the said products.

Unlike other overseas departments and regions ("DROM"), there is no refinery on La Réunion and all oil and LPG products are therefore imported. The imported products then transit through the SRPP's storage facilities.

Competition problems identified and commitments made

Despite existing regulations and although the merger does not involve any overlap between the activities of Rubis (with no previous presence in La Réunion territory) and the SRRP, risks of vertical foreclosure have been identified on the petroleum-product storage and LPG filling markets, over which the SRPP holds monopolies. Commitments have been made by Rubis to eliminate each of the identified risks of harm to competition.

- **The petroleum-product storage market in La Réunion**

The Autorité highlighted a risk of refusal of access or discrimination in access to the SRPP's storage capacities for marine and jet fuels, which are not covered by any regulation. To remedy this, Rubis has made the commitment that the SRPP will grant access to marine and jet fuel storage and offloading facilities to any operator making such a request.

Rubis has made a further commitment in relation to jet fuel, the only oil product that is not subject to a regulated rate for passing through the storage facilities. It undertakes to offer access services at a cost-oriented price that includes reasonable return on the capital.

This commitment will make it possible to respond to the identified risk on the storage market, in that it will supplement existing regulatory provisions and allow Rubis's competitors to enjoy sustained, non-discriminatory access to the SRPP's storage infrastructures.

- **The LPG filling market**

The Autorité identified a risk of refusal of access or discrimination in the provision of LPG filling by the SRPP. While decree No. 2013-1315 does set out capped prices, it does not guarantee non-discriminatory access to filling services

(refilling of gas cylinders) for third parties.

In addition, the SRPP provides related services, particularly in relation to the maintenance of cylinders, which are invoiced separately. The prices for these related services are not covered by any regulation. As a result, the merger is liable to lead to a rise in the prices charged by the SRPP for these related services.

In order to address the identified competition concerns, Rubis made the commitment that the SRPP would provide third-parties, under non-discriminatory and transparent conditions, with access to filling services and all related services. For these latter, services must be offered at a cost-oriented price.

The commitments have been made for a duration of five years (renewable once) and their implementation will be subject to monitoring by an independent trustee approved by the Autorité de la concurrence.

> The full text of the decision will be published in the near future on the Autorité de la concurrence website.

> Press contact: Rebecca Hébert – Tel. +33 (0)1 55 04 01 81 - Email



> This decision was appealed before the Conseil d'Etat (Council of State) (pending case)