



**REPUBLIC OF ALBANIA**  
**-THE COMPETITION AUTHORITY-**  
**-THE COMPETITION COMMISSION-**

---

**D E C I S I O N**

**Nr.78 Dated 25 .04.2008**

**On**

**“The authorization of the concentration realized through the acquisition of 65% of the capital of Alba Cement Italia shpk, by Antea Cement sha company”**

The Competition Commission, on its meeting held on 25.04.2008, with the participation of:

- Mrs. Lindita Milo (Lati) Chairwoman
- Mr. Lush Përpali Deputy chairman
- Mrs. Servete Gruda Member
- Mr. Koço Broka Member

Discussed the following issue:

**Subject:** The authorization of the concentration realized on 1 February 2008, through the acquisition of 65% of the shares of Alba Cement Italia shpk, by Antea Cement sha company and notified on 06.02.2008.

**Legal basis:** Law No. 9121, dated 28.07.2003 “On Protection of Competition”, as amended, Article 24, letter “d”, Articles 10-12, in particular Chapter III “Concentrations of undertakings”, Articles 53-56, and 58, the Regulation “On the implementation of the concentration procedures of the undertakings”, the Guideline “On the form of the notification of concentrations and the option for a simplified form of notification”, and the Form “On the notification of the concentration”.

Upon reviewing the report submitted by the Secretariat, on the notification of the concentration realized through the acquisition of 65% of the shares of Alba Cement Italia shpk, by Antea Cement sha company”, the Competition Commission,

## NOTED THAT:

The transaction that was concluded with the signing of the shares' sale agreement by the participating parties was completed on 1 February 2008 <sup>(1)</sup> and was notified to the Competition Authority on 6 February 2008, in compliance with the one week timeframe foreseen by Article 12, paragraph 2 of Law No. 9121, dated 28.07.2003 "On Protection of Competition". The agreement determines the modality of the transfer of shares', the purchasing price and other conditions necessary for the realisation of the transaction.

### I. PARTIES TO THE TRANSACTION:

- **Alba Cemento Italia sh.p.k.** is an Italian-Albanian company founded on the year 2000, in accordance with the Albanian legislation on commercial companies, owned by three shareholders, the biggest of which owns 50% of the owners' capital, while the other two own respectively, 25% of the owners' capital. The headquarters of the company is in Kashar Commune, Tirana district. The main activity of the company is the import, packaging and sale of gray cement of types 32.5R dhe 42.5R, sold both unpacked and packed, as well as the sale of construction materials deriving from cement.

Alba Cemento Italia sh.p.k. is the **seller** of f 65% of the capital that includes the sale of 50% of the main shareholder's capital, and, respectively, 7% and 8% of the capital of the other two shareholders.

The two shareholders that after the completion of the transaction remain in minority, as physical persons, have direct participation in the ownership of other companies that operate in markets different from the cement import and sale market, such as companies Alba elektrik shpk and Alba Termal shpk, with headquarters in Tirana, and where these shareholders own, respectively, 50% and 40% of the capital and that are engaged in the activity of import and sale of electrical material, air conditioners, heating and cooling equipment and their respective installation.

- In the year 2006, the annual turnover in the internal market was 995 million Lek
- In the year 2007<sup>(2)</sup>, the annual turnover in the internal market was 953 million Lek

- **Antea Cement sh.a. company** is created and organized according to the Albanian legislation for commercial companies, with headquarters in Tirana, Albania, and registration number 36120, dated 07.07.2006. The object was the construction of a cement production factory at a capacity

---

<sup>1</sup> According to the notarized copy of the agreement on the sale of shares

<sup>2</sup> Balance sheet for the year 2007 is not yet consolidated.

of 1.5 million ton per year <sup>(3)</sup>. Antea Cement sh.a. company is part of Titan Group, that is lead by Titan Cement Company S.A., the mother company, with headquarters in Greece. The priorities of Titan Group are the following: a) the expansion of the main activity of cement business through acquisitions; b) the vertical integration concerning construction material; c) The continuous improvement of cost effectiveness and competitiveness, etc. Titan Group is composed of more than 40 companies, whose activity is extended in four geographical areas, specifically: Greqi and Western Europe, US and Canada, Southeastern Europe and Middle East, and by covering the whole spectrum of construction materials, to start with aggregates and the different types of grey cement, white cement, etc. At present, the mother company of Titan Group has direct commercial presence in the Albanian cement market through the branch of its daughter company Albacem <sup>(4)</sup>, and indirectly through Aemos Ltd. Company and Alvacim Ltd. Company, as well as Antea Cement sha. Company.

Antea Cement sha. is the **buyer** of 65% of the capital of Alba Cemento Italia sh.p.k. company.

Antea Cement sha. does not exercise any control in the domestic market, be that through direct or indirect ownership over any company engaged with the production/import or sale of cement.

In the year 2006, the annual turnover of Titan Group was 195, 615 million Lek, divided as follows:

- a) **In the international market** was 195 billion Lek; and
- b) **In the internal market** was 615 million Lek<sup>(5)</sup>.

In the year 2007, the annual turnover of Titan Group was 184, 677 million Lek, divided as follows:

- c) **In the international market** was 184 billion Lek; and
- d) **In the internal market** was 677 million Lek<sup>(6)</sup>.

- This transaction that constitutes the acquisition of control over a part of the capital and voting rights, is a concentration that fulfills the conditions to become subjected to evaluation by the Competition Authority, in accordance with Article 10, paragraph 1, letter “b”, and Article 12, paragraph 1, letters “a” and “b” of the Law No. 9121, dated 28.07.2003 “On Protection of Competition”.

## II. EVALUATION OF COMPETITION

<sup>3</sup> Approved by Law No 9813, dated 1.10.2007. Official Gazette No. 137, dated 19 October 2007, pg 3787.

<sup>4</sup> Albacem Cement S.A. is registered in compliance with the Albanian legislation, with headquarters in Tirana. Albacem is the representative of Titan trademark in Albania.

<sup>5</sup> Balance sheet of Titan Cement S.A. and its branches. Titan Group is represented in Albania by Alba Cement.

<sup>6</sup> Balance sheet of Titan Cement S.A. and its branches. Titan Group is represented in Albania by Alba Cement.

## II.1 Relevant market

Pursuant to Article 3, paragraph 7 of Law No. 9121, dated 28.07.2003 “On Protection of Competition”, the definition of “relevant market” includes two components:

- a) the product market; and,
- b) the geographical market

a) The product market is the cement market<sup>(7)</sup>, which, with regard to the [physical] characteristics, purpose of use, transport and commerce, is divided into three groups:

- a) Gray cement;
- b) White cement;
- c) Cement-based construction materials.

Each of these products constitutes a submarket product. Gray cement has the highest specific weight against the total imported cement <sup>(8)</sup>. For the years 2006 and 2007, this figure was, respectively, 66% and 56%.

**II.1.a** The product market for Alba Cement Italia shpk. includes the import and the sale of cement products of Buzzi Unicem trademark, unpacked, and packaged in masses of 1.9 ton, as well as other cement-based construction materials.

The market share of Alba Ciment Italia shpk. against the total in the internal product market (cement import and sale) is about 5%.

**II.2.a** The product market for Antea Cement sha, before the concentration, includes:

- (i) Technical studies, design and preparatory work (geological and geotechnical drilling, access roads)
- (ii) Exploitation of carriers;
- (iii) Construction of gray cement production factory
- (iv) Sale of cement products

During the year 2007, Antea Cement sha company was not engaged with import or sale of cement product.

**II.3.b.** Geographical market

- Alba Cement Italia shpk. company operates within a limited market (in Tirana, Durrës and Kruja), within the domestic market.

---

<sup>7</sup> The transaction that aims at the realization of a concentration occurs in the import and sale market of cement product.

<sup>8</sup> Source: General Customs Directorate

- Antea Cement sha company operates within a limited market (in Borizanë- Krujë), within the domestic market.

The participating parties operate in different product markets and do not have common clients. Pursuant to the definition of affected markets given under Section 6 (III) of “Form for the Notification of Concentration”, there are not markets affected by the notified concentration.

### **III. Market structure, market shares and competitors in the domestic market**

1. The cement production/import market in Albania is under development, that with the completion of two new factories in the year 2010 shall satisfy not only the domestic demand, but is expected to engage in exporting towards other countries.
2. The domestic production is realized in cement factories in Fushë-Krujë and Elbasan and is represented in the market with Seament trademark, which in the year 2007 occupied 45.4% of the product market share.
3. The import market share according to trademarks (origin of import) occupies 54.6% of the market and is divided between 5 importers, the largest of which owns about 17.5% of the market and the smallest 2% , and a number of small importers that, in total, occupy only 1% of the market.
4. The cement market is a highly concentrated market, and was so prior as well as after the concentration, because of the dominant position of Seament trademark producer. The HHI concentration index is, respectively, 2806 and 2931.
5. The notified transaction consists in the acquisition of control through the purchase of the 65% of the shares of A.C.I. shpk by Antea Cement sha. thus affecting the policy of the A.C.I. shpk, first of all, as far as concerns the change of the supply: the former importeed trademark, Buzi/Unicem (Italy) is substituted by Titan trademark from Greece.
6. The market entry by Antea Cement sha through the acquisition of control over an important share in A.C.I shpk company, creates the option for storing facilities within Tirana region for the cement product of Titan Group. Furthermore, the taking over of all the economic activity of Alba Cement branch by Antea Cement sha company increases at 17% the combined market share for Titan trademark cement product.

In this context, this concentration does not have any negative impact on competition, and pursuant to Article 13 , paragraph 1 of Law No. 9121, dated 28.07.2003 “On Protection of Competition”, does not create any dominant position in the market by any of the undertakings participating in the concentration, and therefore there is no casual relation between the concentration and the [eventual] creation of dominant position in the market.

**FOR THE ABOVE REASONS:**

Pursuant to Article 24, letter “d”, and Article 56, paragraph 1 of Law No. 9121, dated 28.07.2003 “On Protection of Competition”, as amended, the Competition Commission,

**DECIDED:**

1. To authorize the concentration realized through the acquisition of 65% of the shares of Alba Cement Italia shpk, with headquarters in Albania, by company Antea Cement sha, with headquarters in Tirana, Albania.
2. The Secretary General is in charge of the publication of the authorization and the notification of the parties.
3. This decision enters into effect immediately.

**THE COMPETITION COMMISSION**

**Lush Përpali**  
(\_\_\_\_\_)  
**Deputy Chairman**

**Servete Gruda**  
(\_\_\_\_\_)  
**Member**

**Koço Broka**  
(\_\_\_\_\_)  
**Member**

**Lindita Milo (Lati)**  
**CHAIRWOMAN**