

A Two-day introduction with practical knowledge on how competition rules may impact the day to day management of oil companies

Commercial Impact of **COMPETITION ANTI TRUST LAWS** For the **Oil & Gas Markets**

April 28-29, 2010 • JW Marriott, Kuwait City



Course Director
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Norton Rose Group

What vertically integrated Oil and Gas companies operating in the global marketplace must know about:

- Applicability of competition law and the potential of anti trust risk in the Gulf/Middle East
- What you must know about Anti Competitive practices and potential liabilities
- How to implement compliance programs internally

Hot Topics:

- Special Focus on Vertical, Competitive and Exclusive Agreements relevant to the Oil/Gas Business
 - ~ purchase and distributorship agreements for petrol stations
 - ~ cooperation and Competitive Agreements for joint exploration and production
 - ~ research and development agreements
 - ~ information exchange
 - ~ sales of crude oil

How to ensure that you do not run foul of rules relating to monopoly power and abuse of dominant position in crude oil sales, the products markets, oil pipeline and storage facilities.

Held as part of Middle East Petroleum and Gas Week and back to back with the 18th annual Middle East Petroleum & Gas Conference

Organised, produced and managed by:



THE CONFERENCE CONNECTION INC.
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Attend this two-day course and learn how anti trust and competition laws affect you and your business

About the Course and Why You Should Attend

More than 100 countries worldwide have adopted competition law, which now includes the Middle East, with Saudi Arabia and Jordan introducing competition laws and others currently considering this possibility. **However, even without competition laws, countries need to be aware of potential antitrust risk** and cross border anticompetitive practices that apply extraterritorially, as far as the relevant conduct is implemented or has an adverse effect on their territories. Even companies who do not do business in the United States (US) or in European Union (EU) can be caught by the US and the EU competition rules, respectively.

"Competition law may have a huge economic impact on the business of your business. Therefore, there are several reasons why you should be aware of:

- **Failure** to comply with competition rules may have very serious adverse economical consequences on companies.
- **Firms involved in anti-competitive behaviour may find their agreements to be unenforceable**, risk being heavily fined (up to 10% of the company's annual worldwide turnover in the EU) as well as exposing themselves to potential damages/actions from customers and competitors.
- Individuals could also find themselves facing director disqualification orders or even criminal sanctions for serious breaches of competition law in certain countries (e.g the US and the UK)

As a result, any and every business needs to be aware of competition law to:

- meet its obligations, thereby avoiding penalties
- assert its own rights and protect its position in the marketplace.
- offer your company business opportunities and effective solutions to commercial problems
- give you a potent weapon against your competitors if you want to strengthen/ defend your position in the market or to penetrate into a new one.
- provide an effective tool to start negotiations for potential deals.

What you will learn at this Course

"Competition law is composed of three pillars: prohibition of anti-competitive agreements, prohibition of abuse of monopoly power and merger control"

- a broad picture of the competition rules, providing with the necessary knowledge to identify situations that may raise competition concerns.
- practical tips on how to effectively implement a compliance programme within a company.
- the seminar is tailored to the specific needs of the oil industry, being designed to provide practical knowledge of how competition rules may impact the day-to-day management of oil companies with specific focus on **joint operations between competitors, exclusive purchase and distribution agreements, vertical integration and refusal to supply.**

WHO SHOULD ATTEND

This course will be invaluable for companies that need to acquire in house knowledge of the regulatory framework on competition and anti-trust rules that will affect the Middle East region, as well as practical knowledge and case studies that will affect day to day operations, especially:

- Executives and Managers responsible for joint ventures and overseas and international operations in both the upstream, downstream and retail sectors of the oil and gas industries
- In House Legal Counsel, Legal, Contract and Negotiation Managers
- Policy Makers, Administrators and other officials from government departments, state owned oil and gas groups and ministries
- Oil Traders, Supply and Risk Managers
- All executives responsible for pricing policies and setting prices

The Competition and Anti Trust Laws for the Oil and Gas Markets Course (CICL 2010) in Kuwait, is conveniently timed to take place on April 28-29 2010. CICL 2010 will follow and be held back to back with the **18th annual Middle East Petroleum and Gas Conference (MPGC 2010)**. Delegates attending both CICL 2010 and MPGC 2010 can register for CICL 2010 at the close of MPGC sessions on April 27 2010. Participants can register for both CICL and MPGC 2010 and enjoy joint attendance discounts offered. For further details please email info@cconnection.org or mpgc@cconnection.com or visit www.cconnection.org/MPGCHome.htm for agenda & speaker details and registration information on MPGC 2010.

ABOUT THE COURSE DIRECTOR



Michael Jürgen Werner is a partner in the Antitrust, Competition and Regulatory practice of the Norton Rose Group. This eminent global practice comprises more than 50 competition law experts in Europe, the Middle East, Asia and Australia. Michael is head of the Brussels office of the Norton Rose Group. A German-qualified lawyer by background, he is a member of the German, English and Belgian bar.

Michael is a leading advisor for international competition work, including merger control, commercial cooperations, joint ventures, cartel investigations, restructuring and privatisation. He has appeared in cases before the European Commission and other international antitrust authorities in a wide range of sectors. He also appears before the European and national competition courts. During his secondment to the German Federal Cartel Office and the Legal Service of the EC Commission, Michael gained practical experience working inside the competition authorities.

Among his clients are governments and governmental bodies as well as private companies. He advises major international businesses in respect of transactional and non-transactional projects in obtaining clearance from competition authorities for merger transactions as well as defence vis-à-vis cartel and monopoly investigations. One of his core specialities is the dealing with cases of abuse of dominance.

In addition to his advisory work, Michael is a lecturer at a major German University on competition, state aid and regulatory law and a regular speaker at international conferences on competition and regulatory topics as well as co-author of several leading commentaries on international competition law.

FOR QUERIES AND REGISTRATIONS CALL +65 6338-0064 FAX: +65 6338-409

Module 1:**Restrictive agreements and practices****Introduction**

- Why competition law: purposes and objects
- Key principles of competition law: prohibition of anticompetitive agreements, prohibition of abuse of monopoly power, merger control
- Why competition law is important: severe fines, multiple damages in private litigation, reputational damage, imprisonment and director disqualifications (in some countries)

Restrictive agreements and practices between undertakings

- The concept of undertakings
 - ~ The constituent element: the engagement in an economic activity
 - ~ Undertakings of the same group
 - ~ Association of undertakings (e.g. Trade associations)
- The concept of agreement:
 - ~ Explicit/implicit agreements: (e.g. oral agreements and gentleman's agreements)
 - ~ Horizontal agreements (e.g. cartels) and vertical agreements (e.g. distribution agreements)
- The legal rules: prohibition of restrictive agreements which eliminate/restrict competition
- Prohibition of the following agreements between private parties
 - ~ Agreements fixing prices or other terms of sale
 - ~ Collusive tendering;
 - ~ Market or customer allocation;
 - ~ Restraints on production or sale, including by quota;
 - ~ Concerted refusals to purchase [or supply];
 - ~ Fix prices (e.g. market fares)
- The consequences of the infringement: fines, nullity of the agreements, civil damages, structural and behavioural remedies
- Authorization or exemption for certain agreements
 - ~ Condition: restrictions of competition are outweighed by its beneficial effects
 - ~ Block exemption: automatic exemption which may apply depending on the nature of the agreement or the market sector concerned (e.g. EU Block Exemption Regulations).
 - ~ Individual exemption: case by case assessment
 - ~ Some examples: joint ventures to share risks in large industrial projects, research and development (R&D) cooperation.

Agreements between undertakings and hot topics for the oil industry

- Cooperation agreements between competitors:
 - ~ joint exploration and/or production
 - ~ Research & Development agreements
- Information exchange:
 - ~ What is allowed and what it is forbidden
 - ~ Exchange of information in the framework of joint operations
- Vertical agreement: the petrol station business
 - ~ Agency v. distributors
 - ~ Prohibition of resale price maintenance
- The oil industry as an oligopoly
 - ~ Features of an oligopolistic market
 - ~ Oligopolistic market and competition law

Module 2:**Abuse of monopoly power**

- The concept of monopoly power:
 - ~ Ability to sustain prices above competitive levels; or
 - ~ Ability to restrict output or quality below competitive levels
- Establishing the existence of monopoly power – two steps:
 - ~ Market definition
 - ~ Assessing market power
- Market definition – two dimensions:
 - ~ Relevant product market: relevant goods or services
 - ~ Relevant geographic market: the geographic extent of the market
- How to measure market power – No closed list of indicators:
 - ~ Market shares
 - ~ Potential competition (i.e. barriers to entry)
 - ~ Characteristic of the market (e.g. regulated markets)
 - ~ Vertical integration (i.e. capability to foreclose)
 - ~ Ownership of intellectual property rights
- The concept of abuse:
 - ~ Recourse to methods different from those which condition normal competition (i.e. competition on the merits)
 - ~ Exploitative abuses: conduct which exploits customers or suppliers (e.g. excessively high prices)
 - ~ Exclusionary abuses: conduct which removes or weakens existing competition from existing competitors or potential competition from newcomers
- The legal rules: prohibition of abuse of monopoly power
- The consequences of the infringement: fines and civil damages, structural and behavioural remedies
- Conduct which can be an abuse of dominant position – some examples:
 - ~ Rebates;
 - ~ Bundling and tying;
 - ~ Predatory pricing;
 - ~ Margin squeezing

Abuse of monopoly power and hot topics for the oil industry

- Definition of the relevant product market in the oil industry:
 - ~ Relevant product market: exploration, production and sales of crude oil
 - ~ Relevant geographic market: worldwide
- Vertically integrated oil companies:
 - ~ Oil pipelines and storage facilities as natural monopolies
 - ~ Network access obligations on non-discriminatory terms: the essential facilities doctrine
 - ~ Structural remedies: unbundling of the network
- Competition treatment of refusal to supply during oil crisis

Registration on Day 1 is at 8.00am. Sessions start promptly at 9.00am and end at approximately 5.30pm on each day. Lunch will be served between 12.30pm and 2.00pm with mid-morning and mid-afternoon refreshments.

