CLIENT ALERT

SyCipLaw secures 1st merger clearance from the Philippine Competition Commission: Acquisition by Sanofi of the Consumer Healthcare (CHC) Business of Boehringer Ingelheim

The Philippine Competition Commission (PCC) has issued its first merger clearance under the implementing rules and regulations of the Philippine Competition Act. The clearance was for the proposed acquisition by Sanofi of the CHC business of Boehringer Ingelham. SyCipLaw acted as Philippine antitrust counsel to Sanofi.

Sanofi, a global pharmaceutical company, specializes in diabetes, rare disease and multiple sclerosis, oncology and other pharmaceutical products. The **Boehringer Ingelheim CHC business** is active worldwide and is focused mostly on gastro-intestinal treatments, cough and cold products, vitamins and well-being products, as well as pain and mobility medicines.

Although both parties participate in the Philippine pharmaceutical industry, the PCC cleared the proposed acquisition for the following reasons:

- There will only be an incremental market share increase in the relevant product market by reason of the proposed acquisition;
- There remains a significant competitor with a large market share and several competitors with smaller market shares, post-acquisition, in the relevant product market that can impose competitive constraints on the acquiring party; and
- In any event, none of the products included in the proposed acquisition are direct substitutes of each other.

Under the local competition law, the PCC has the power to review proposed mergers and acquisitions and can prohibit mergers and acquisitions that it finds will substantially prevent, restrict or lessen competition in the relevant market. Further, parties to mergers or acquisitions, the transaction value of which exceeds Php1 Billion may not consummate the transaction until 30 days after the PCC, which should be notified of the proposed agreement, has confirmed that the notification has been completed in accordance with the Rules. Failure to comply with the notification requirement voids the merger or acquisition, and the parties thereto liable to pay an administrative fine equivalent to 1%-5% of the transaction value.

FOR MORE INFORMATION
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