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Common Market for Eastern
and Southern Africa

CASE FILE No. CCC/MER/1017/2013

Decision¹ of the Committee of Initial Determination Regarding the Merger between Roots Group Arabia and Ideal Standard MENA

ECONOMIC SECTOR: Construction

December 2013

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 9th October 2013, the COMESA Competition Commission ('the Commission') received a merger notification from Roots Group Arabia ("RGA") and Ideal Standard International Holding Sarl ("ISIH") hereinafter called the parties. RGA is acquiring a 40% shareholding in International Standard MENA ("IS MENA") from ISIH.
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 ('the Regulations'). The Commission's concern is primarily whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market as provided for under Article 26 of the Regulations.
3. The Committee of Initial Determination ("the CID") observed that IS MENA operates in two or more COMESA Member States while RGA operates in Egypt. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) are satisfied and ultimately asserts jurisdiction of the Commission to assess the transaction.

The Parties

Roots Group Arabia ("RGA")

4. RGA is active in the Common Market in Egypt through its controlled subsidiary, Unimar Egypt, which is active in the wholesale distribution of products used for construction, including building materials (power tools, steel abrasives and materials), tower cranes and construction machinery/equipment. Roots Group Arabia Co. Ltd. designs, manufactures, procures, wholesales, retails, and services building materials in Saudi Arabia, Lebanon, the United Arab Emirates, the United Kingdom, Egypt, Syria, Qatar, Nigeria, Malaysia, China, and Jordan.

International Standard MENA ("IS MENA")

5. IS MENA is 89% controlled by ISIH and 11% by Ideal Standard International Topco SCA (Luxembourg). IS MENA supplies sanitary products including ceramics, brass fittings (such as taps) and baths/showers within Egypt and a number of other countries within COMESA (i.e., Kenya, Libya, Mauritius, Rwanda, Sudan and Uganda). These bathroom products are supplied to distributors for sale to customers (bathroom installers or consumers) to be installed in bathrooms.

Competition Analysis

6. The CID noted that the transaction is not likely to alter the market structure in the Common Market as the levels of market concentration will remain the same post-merger. It was further noted that the proposed transaction is unlikely raise significant competition concerns in the Common Market.

Determination

7. In view of the foregoing, the CID has determined that the acquisition of IS MENA by RGA is not likely to substantially prevent or lessen competition and it will not be contrary to public interest. The CID noted that the transaction does not negate the objectives of Article 3 of the Treaty, hence it does not conflict with the attainment of the single market objective.
8. This decision is adopted in application of Article 26 of the COMESA Competition Regulations.

Dated this 18th day of December 2013.

For the Commission

(Signed)

George K. Lipimile