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Common Market for Eastern  
and Southern Africa

**Staff Paper No. 2017/09/13/03/RR**

**Decision<sup>1</sup> of the Thirty Fourth Committee Responsible for Initial Determination on the Application for Authorisation of the Acquisition of Various Entities within the Sadolin Group of companies by Kansai Plascon East Africa Proprietary Limited**

**ECONOMIC SECTOR: Paint Manufacturing**

**18<sup>th</sup> September 2017**

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<sup>1</sup> 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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### **Information and Relevant Background**

1. On 19<sup>th</sup> May, 2017, the COMESA Competition Commission (hereinafter referred to as "the Commission") received an application for authorisation of a merger between Kansai Plascon East Africa Proprietary Limited (hereinafter referred to as "Kansai EA") and the Sadolin Group of companies (hereinafter referred to as "Sadolin").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess 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.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

### **The Parties**

#### **Kansai EA**

4. Kansai EA is a wholly owned subsidiary of Kansai Plascon Mauritius (Proprietary) Limited (hereinafter referred to as "Kansai Mauritius"), a company incorporated in accordance with the company laws of Mauritius. Kansai Mauritius is in turn a wholly owned subsidiary of Kansai Plascon Africa Limited (hereinafter referred to as "Kansai South Africa"), a company incorporated in accordance with the company laws of South Africa. Kansai South Africa, a subsidiary of Kansai Paint Co., Ltd ("Kansai Japan") is the holding company for the Kansai Plascon group of companies ("Kansai Plascon Group"). Kansai EA is a new undertaking incorporated on 5 January 2017, for purposes of the proposed transaction. Kansai EA is involved in the supply of paint and related products in the following Member States: DRC, Egypt, Kenya, Malawi, Mauritius, Seychelles, Swaziland, Uganda, Zambia, and Zimbabwe.

#### **Sadolin Group of Companies**

5. The 'target' consists of several firms which form part of the Sadolin Group of companies as follows:
  - (a) Shalvik Investments Limited, a limited liability company incorporated in Guernsey;
  - (b) Sadolin Paints (Burundi) Limited, a limited liability company incorporated in Burundi;
  - (c) Sadolin Paints (E.A) Limited, a limited liability company incorporated in Kenya;
  - (d) Sadolin Paints (Tanzania) Limited, a limited liability company incorporated in Tanzania;
  - (e) Sadolin Paints (Uganda) Limited, a limited liability company incorporated in Uganda;

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- (f) Sadolin Paints (Zanzibar) Limited, a limited liability company incorporated in Zanzibar; and
6. Sadolin is involved in the importing, manufacturing, trading and exporting of paint, paint related products and accessories. The target predominantly sells its products in the Common Market under the 'Sadolin' brand, although sales are also made under the brand names 'International Paint' and 'Octoral'.

**Nature of the Transaction**

7. The transaction involves the acquisition of 100% issued share capital of the target undertakings by Kansai EA.

**Competition Analysis**

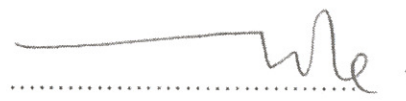
8. The CID defined the relevant market as the global manufacture and supply of decorative coatings and industrial coatings.
9. The CID observed that the market is highly contested and import competition is rife as numerous global players are active in the Common Market. In view of this the CID established that the transaction is not likely to lessen competition in the Common Market.

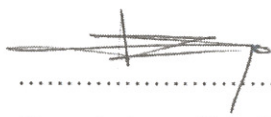
**Determination**

10. The CID determined that the merger is not likely to substantially lessen competition and would not be contrary to public interest in the Common Market. The CID therefore approved the transaction without conditions.
11. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 18<sup>th</sup> day of September 2017

  
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Commissioner Thabisile Langa (Chairperson)

  
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Commissioner Patrick Okilangole  
(Member)

  
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Commissioner Chilufya Sampa  
(Member)

