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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2017/09/LV/03

**Decision¹ of the Thirty Fifth Committee Responsible for Initial Determination
on the Application for Authorisation of the Proposed Merger between the
Coca-Cola Company and Coca-Cola Beverages Africa Proprietary Limited**

ECONOMIC SECTOR: Non-Alcoholic Beverages

30th September 2017, Livingstone

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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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 2nd May, 2017, the COMESA Competition Commission (hereinafter referred to as “the Commission”) received a notification for approval of a merger involving the Coca-Cola Company (hereinafter referred to as “TCCC”) as the acquirer and Coca-Cola Beverages Africa Proprietary Limited (hereinafter referred to as “CCBA”) as the target.
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the “Regulations”). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction 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

TCCC

4. The parties have submitted that TCCC is a publicly-listed company incorporated under the Laws of Delaware in the United States with its registered office in Atlanta, Georgia. TCCC is a brand owner and supplier of concentrates for non-alcoholic beverages to bottling companies. TCCC is operational in the Common Market through Coca-Cola Africa (Proprietary) Limited, a wholly owned marketing services company for TCCC brands in Africa. TCCC uses its wholly-owned subsidiaries to manufacture and sell concentrates and beverage bases for bottled and canned beverages to authorised independent bottling operations (“Coca-Cola Bottlers”). The Coca-Cola Bottlers in turn prepare finished beverage products in authorised containers bearing TCCC trademarks and the products are then sold and distributed to wholesalers and retailers who ultimately sell to consumers

CCBA

5. The parties have submitted that CCBA is a company incorporated and registered in South Africa. It is a recently created entity that holds certain TCCC authorized bottlers in Africa. CCBA prepares, packages, distributes, and sells TCCC branded non-alcoholic ready to drink (NARTD) beverages in the Common Market. CCBA’s operations of relevance to this transaction concern the following COMESA Member States: Ethiopia, Uganda, Kenya and Comoros.

Nature of the Transaction

6. The transaction involves the acquisition of CCBA by TCCC.

Competition Analysis

7. The CID defined the relevant markets as the regional markets for production and distribution of:

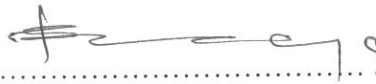
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- a) Carbonated non-alcoholic beverages;
 - b) Non-carbonated non-alcoholic beverages;
 - c) Carbonated bottled water;
 - d) Non-carbonated bottled water; and
 - e) Coca-cola concentrates.
8. The CID observed that the transaction does not result in a change in the market structure, hence there will be no increase in market concentration. This is because the merger is vertical and the target was authorised to produce, sell and distribute TCCC products under the control of TCCC.

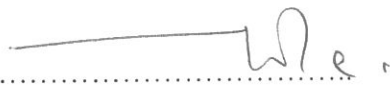
Determination

9. The CID determined that the transaction is not likely to substantially prevent or lessen competition in the relevant markets. Further, the CID determined that the transaction is compatible with the COMESA Treaty objective of full market integration. The CID therefore approved the transaction.
10. This decision is adopted in accordance with Article 26 of the Regulations.

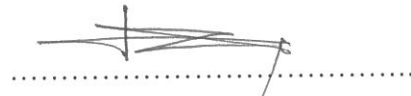
Dated this 30th day of September 2017



Commissioner Thabisile Langa
(Chairperson)



Commissioner Patrick Okilangole
(Member)



Commissioner Chilufya Sampa
(Member)