



COMESA Competition Commission
Kang'ombe House, 5th Floor-West Wing
P.O.Box30742
Lilongwe3, Malawi
Tel:+26501 77246
Email- compcom@comesa.int



**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2017/06/JB/02

Decision¹ of the Thirty Second Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Acquisition of 57.73% of the Shares in General Motors East Africa Limited by Isuzu Motors Limited

ECONOMIC SECTOR: MOTOR VEHICLE

22nd June 2017 – Johannesburg, South Africa

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 12th April 2017, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification in relation to a merger between Isuzu Motors Limited (hereinafter referred to as "Isuzu") and General Motors East Africa Limited (hereinafter referred to as "GMEA").
2. The transaction was notified with the Commission in accordance with Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "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

Isuzu

4. Isuzu a Japanese registered company owns 70% majority shareholding in a South African registered company known as Isuzu Trucks South Africa (Pty) Limited (ITSA). ITSA has operations in Malawi, Swaziland, Zambia and Zimbabwe. Isuzu also owns a 20% minority shareholding in General Motors Egypt S.A.E with no special voting, veto or control rights.

GMEA

5. GMEA, is a Kenyan registered company founded in 1975 as a joint venture between the Government of Kenya and General Motors Company. GMEA started assembling vehicles in 1977 and they are the largest assembling company for commercial vehicles in Kenya. GMEA's assembly plant in Nairobi assembles a wide range of Isuzu motor vehicles and also retails fully built Chevrolet vehicles which are sold in Kenya, Uganda, and Rwanda.

Nature of the Transaction

6. General Motors Asia Pacific Holdings LLC (GMAPH) holds 57.73% shareholding in GMEA. GMAPH intends to sell all its shares in GMEA to Isuzu. At the completion of the transaction, GMAPH will not retain any shares in GMEA and Isuzu will have majority shareholding and management control of GMEA.

Competition Analysis

7. The CID defined the relevant market as follows:
- a) the global market for the manufacture/assembly and sale of commercial vehicles;
 - b) the sale of motor vehicle parts and accessories in the Common Market; and
 - c) the maintenance and repair of motor vehicles in the Common Market.
8. The CID observed that the market for motor vehicles and related services in the Common Market is highly contested and import competition is rife. In view of this, the CID established that the transaction is not likely to lessen competition in the Common Market.

Determination

9. The CID determined that the merger is not likely to negatively affect trade between Member States and is compatible with the Treaty establishing the Common Market for Eastern and Southern Africa. The CID therefore approved the transaction unconditionally.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 22nd day of June 2017.


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Commissioner Thabisile Langa (Chairperson)


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Commissioner Patrick Okilangole


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Commissioner Chilufya Sampa