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**Common Market for Eastern
and Southern Africa**

CASE FILE No. CCC/MER/03/03/2015

**Decision¹ of the Sixteenth Meeting of the Committee of Initial
Determination Regarding the Proposed Merger between Coca-Cola
Beverages Africa Limited and the Coca-Cola Sabco Proprietary Limited**

ECONOMIC SECTOR: Non-Alcoholic Beverages

29th July 2015 – Lilongwe, Malawi

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 15th April 2015, the COMESA Competition Commission hereinafter referred to as (“the (Commission)”) received a notification for approval of a merger from SABMiller Plc hereinafter referred to as (“SABMiller”) and Coca-Cola Sabco Proprietary Limited hereinafter referred to as (“Sabco”).
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations hereinafter referred to as (“the Regulations”). Under this provision (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 pursuant to Article 26 of the Regulations.
3. The Committee of Initial Determination hereinafter referred to as (“the CID”) noted that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) of the Regulations are satisfied and asserts jurisdiction of the Commission to assess the transaction. The parties to the transaction are currently trading in the following COMESA Member States:
 - Ethiopia
 - Comoros
 - Kenya
 - Mauritius
 - Uganda
 - Zambia
 - Zimbabwe

The Parties

SABMiller Plc

4. The parties submitted that SABMiller is a public company with a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The parties submitted that for purposes of this transaction, SABMiller shall establish a subsidiary called Coca-Cola Beverages Africa Limited hereinafter referred to as (“CCBA”) to acquire Sabco. It is expected that SABMiller will ultimately directly or indirectly hold in the region of 57% of the shares in CCBA and will therefore exercise control over CCBA.

Sabco Proprietary Limited

5. Sabco is an investment holding company. Sabco is controlled by the following undertakings:

- The Coca-Cola Company hereinafter referred to as (“TCCC”), which exercises control through a 20% indirect shareholding and minority protections exercised through various wholly owned subsidiaries;²
 - Gutsche Family Investments Proprietary Limited (GFI), which exercise control through an 80% direct shareholding.
6. Sabco operates Coca-Cola bottling operations throughout Africa and is based in Port Elizabeth, South Africa. It has plants in South Africa, Namibia, Mozambique, Tanzania, Ethiopia, Kenya and Uganda and is authorised by TCCC to bottle and distribute in these countries.

Nature of the Transaction

7. The proposed transaction involves the acquisition by CCBA of shares in the business of and/or direct or indirect control in the Coca-Cola related bottling businesses of Sabco in Ethiopia, Kenya and Uganda.

Competition Analysis

8. The CID defined the relevant product market as comprising of:
- Carbonated non-alcoholic beverages,
 - The traditional TCCC products (Coca-Cola, Fanta and Sprite),
 - Non-carbonated non-alcoholic beverages,
 - Carbonated water,
 - Non-carbonated water.
9. The CID established that the merger is unlikely to affect the pattern of trade and structure of competition in the Common Market because it is not foreseeable with a sufficient degree of probability that it will frustrate the establishment of undertakings’ agencies, branches or subsidiaries in other Member States. This is because the merged entity is unlikely to unilaterally engage in market foreclosure or influence any other conditions of trade in the Common Market on account of its market position and countervailing power. Further, there are several players operating in the relevant product markets except the traditional TCCC products. This notwithstanding, any concern in the traditional TCCC products would not be as a result of the merger but as a result of the status quo which would be addressed by Part III of the COMESA Competition Regulations should the situation materialise.

² The Coca-Cola Export Corporation, Conco Ltd, Atlantic Industries Limited, Coca-Cola Singapore Holdings Pte. Limited.

Determination

10. The CID determined that the merger does not substantially prevent or lessen Competition and is compatible with the Treaty Establishing the Common Market. The CID therefore decided to approve the transaction.
11. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 29th day of July, 2015.



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Commissioner Matthews Chikankheni (Chairman)



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Commissioner Thabisile Langa (Member)



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Commissioner Patrick Okilangole (Member)