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Common Market for Eastern  
and Southern Africa

Staff Paper No. 2018/12/RR/10

**Decision<sup>1</sup> of the Fiftieth (50<sup>th</sup>) Committee Responsible for Initial Determination Regarding the Proposed Acquisition by Inchcape Kenya Limited of direct sole control over RMA Motors (Kenya) Limited through the acquisition of its business and assets**

**ECONOMIC SECTOR:** Automotive

7<sup>th</sup> December, 2018

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

W/e T.P.D B.M.L

## Information and Relevant Background

1. On 22<sup>nd</sup> August, 2018, the COMESA Competition Commission (the "Commission") received a notification for approval of a merger involving Inchcape Kenya Limited ("Inchcape Kenya") as the acquirer and RMA Motors (Kenya) Limited ("RMA Motors") as the target.
2. The transaction has been notified with the Commission under Article 24(1) of the Regulations. In terms of the proposed transaction, Inchcape Kenya intends to acquire direct sole control over RMA Motors through the acquisition of its business operations and assets. The assets in question include: certain Moveable Assets, Stock, Work in Progress, Vehicle Leases, Records and Business Information.
3. 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.
4. The Committee Responsible for Initial Determination (hereinafter referred to as the "CID") established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. 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

### Inchcape Kenya-the Acquirer

5. The CID noted that the acquirer, Inchcape Kenya, is a newly private limited liability company incorporated in the Republic of Kenya. It is an indirect subsidiary of Inchcape Plc, a publicly listed multinational automotive distribution, retail and services company headquartered in London, United Kingdom and that Acquirer is directly owned and controlled by Inchcape International Holdings Limited (Inchcape International).
6. The CID further noted that the acquiring group has subsidiaries in Ethiopia and Djibouti. The Ethiopian subsidiary is Motors and Engineering Corporations of Ethiopia (MOENCO) and the Djibouti subsidiary is Red Sea Automotive (RSA) Free Zone Company and that RSA is an entity registered under the laws of Djibouti, and operates and owns assets within the free trade zone of Djibouti and is a duty-free stock holding office that services the Ethiopian market meaning that all of its sales are derived from the Ethiopian market through exports.
7. The CID further noted that the acquirer is a newly incorporated entity and currently does not sell or provide any products or services in the Common Market. However, the parties have provided the products/services supplied by the acquiring group's subsidiaries in Ethiopia.

8. The activities of the acquiring group include the following:

- Sale of motor vehicles (Passenger Vehicles, being Toyota) and Light Commercial Vehicles (LCV's) being Hino)
- Maintenance and repair of motor vehicles
- Sale, maintenance and repair of motorcycles and related parts and accessories
- Wholesale of Agriculture Machinery, equipment and supplies,
- Sale of heavy duty machinery (Komatsu excavators, dozers, graders, loaders and off-highway dump trucks, Wirtgen Group asphalt making machines, New Holland tractors & combined harvesters etc.) and Generators.

#### **The target-RMA Motors**

9. The CID noted that the target, is the automotive retail business and assets of RMA Motors, a private limited liability company incorporated under the laws of the Republic of Kenya whose address is P.O Box 2231-00606 Nairobi Kenya and operates only in Kenya. The Target Business comprises the:

- sale of motor vehicles
- sale of motor vehicle parts and accessories and
- the maintenance and repair of motor vehicles in Kenya

#### **Details of the Merger**

10. The Parties have submitted that the proposed transaction involves the acquisition by Inchcape Kenya, of the Automotive retail business and assets of RMA Motors.

#### **Competition Analysis**

11. The CID defined the relevant markets as:

- The global market for the sale of Motor Vehicles
- The global market for the sale of motor vehicle parts and accessories; and
- The market for the maintenance and repair of motor vehicles in Kenya.

12. The CID observed that the transaction does not result in a change in the market structure due to the absence of any geographical overlaps in the activities of the parties. The CID further noted that the proposed transaction is not likely to affect trade between Member States since it does not result in any changes in the market structure neither does it foreclosure competition in any of the identified relevant markets.

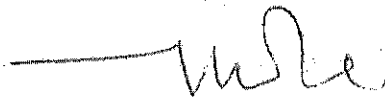
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**Determination**

13. The CID determined that the merger is not likely to lessen competition in the Common Market and/or negatively affect trade between Member States.
14. The CID therefore approved the transaction .
15. This decision is adopted in accordance with Article 26 of the Regulations.

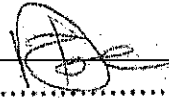
Dated this 7<sup>th</sup> day of December, 2018



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Commissioner Patrick Okilangole (Chairperson)



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Commissioner Brian Lingela  
(Member)



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Commissioner Thembelihle Dube  
(Member)