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Common Market for  
Eastern and Southern Africa

Staff Paper No. 2018/12/RR/03

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**Decision<sup>1</sup> of the Fourth-Eight (48<sup>th</sup>) Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Merger Involving Vamara Group Limited and Elite Global Holding PTE Limited**

**ECONOMIC SECTOR: Fast-Moving Consumer Goods**

**05<sup>th</sup> December 2018**

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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## Introduction and Relevant Background

1. On 18<sup>th</sup> September 2018, the COMESA Competition Commission (the "Commission") received a notification for approval of a merger from Vamara Group Limited ("Vamara") as the acquirer and Elite Global Holdings PTE Limited ("Elite Global") as the target, pursuant to Article 24(1) of the COMESA Competition Regulations (the "Regulations").
  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 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 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.
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### The Parties

#### *Vamara (the Acquirer)*

4. Vamara is a wholly-owned subsidiary of the ETC Group Limited (Mauritius) (the "ETG"). ETG is a diversified agricultural trading and processing business which has activities in 27 countries in Africa as well as outside of the continent. Fertilisers are currently ETG's single largest product line, accounting for a substantial percentage of its trading volumes and revenue.
5. Vamara is the holding company of ETG's branded fast-moving consumer goods business division. Its branded product portfolio of fast-moving consumer goods includes: animal nutrition; flour and instant breakfast cereals; long-life dairy; edible oils; laundry soap, powder and detergents; maize meal; pasta, noodles and rice; pulses; savoury snacks; spreads; canned ingredients and condiments; extruded soya pieces; and powdered beverages. Vamara's primary customers in the Common Market include: retail chains, independents, wholesalers, institutions, commercial operators and distributors. Vamara currently owns manufacturing and/or processing plants in Zimbabwe, Zambia, Malawi, Uganda, Kenya and Ethiopia that are operated by more than 1100 staff members with the support of third party co-packers in the Common Market.
6. In COMESA, the acquiring group has operations in Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Uganda, Zambia, and Zimbabwe.

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7. Relevant for purposes of this merger notification are the business activities of Pure Oil Industries Private Limited ("Pure Oil"), an undertaking within ETG. Pure Oil's primary business is the manufacture and supply of edible cooking oil in Zimbabwe's oil seed extraction sector. Ancillary to its primary business activities, Pure Oil manufactures green bar laundry soap from by-products derived from the cooking oil production process at its soap production facility in Zimbabwe.

***Elite Global (the Target)***

8. The parties have submitted that Elite Global is a company incorporated and registered in accordance with the laws of the Republic of Singapore. Elite Global is the holding company of Candlex Limited ("Candlex") and Aspirants Plastics Converters Limited.
9. Relevant for purposes of this merger notification are the business activities of Candlex. Prior to the Proposed Transaction's implementation, Elite Global will acquire the minority shareholder's shares in Candlex.
10. Candlex's primary business is the manufacture and supply of affordable branded home and personal care products in Malawi. In Malawi, Candlex manufactures and supplies wax products (being candles and floor polish), laundry soap and powder, toilet soap, petroleum jelly, glycerine and lotion. The listed products are marketed, sold and distributed by Candlex in the Common Market under the following product brand names: Moonlight, CDX, Bodycare, Babycare, Mama's Care, She 'n He Hair, Butex, Guest, Thandizo, Abwenzi, U-fresh and Dazzle.
11. Ancillary to its primary manufacturing and distribution activities in Malawi, Candlex also sells on a small-scale toilet soap to a third-party trader who, in turn, on-sells to distributors in Zambia in the Common Market, and similarly, Candlex sells petroleum jelly to third-party traders who, in turn, on-sell to distributors in Tanzania outside the Common Market.

**Nature of the Transaction**

12. In terms of the notified transaction, Vamara will acquire 48 ordinary shares representing 61.54% of the issued share capital of Elite Global.

**Competition Analysis**

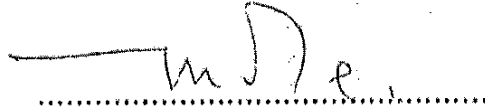
13. The CID defined the relevant product and geographic markets as the manufacture and supply of laundry soap in the Common Market.
14. The CID observed that the transaction would not lead to a market share accretion for either the acquirer or the target at national level as there were no geographic overlaps in their activities pre-merger. At Common Market level, the CID considered that the merging parties' post-merger combined market shares are unlikely to raise significant competition concerns and will not materially alter the competitive structure of the relevant market.

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**Determination**

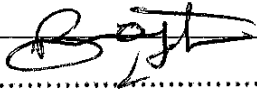
15. The CID determined that the merger is not likely to lessen competition in the Common Market and/or negatively affect trade between Member States.
16. The CID therefore approved the transaction unconditionally.
17. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 5<sup>th</sup> of December 2018

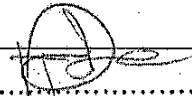


Commissioner Patrick Okilangole (Chairperson)

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Commissioner Brian Lingela  
(Member)



Commissioner Thembelihle Dube  
(Member)