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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/11/40/2018

Decision¹ of the Fifty-Third (53rd) Committee Responsible for Initial Determination Regarding the Proposed Merger Involving Brenntag (Holding) B.V., Desbro (Kenya) Limited and Desbro (U) Limited

ECONOMIC SECTOR: Industrial Chemicals

9th February, 2019

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 22nd November, 2018, the COMESA Competition Commission (the "Commission") received a notification for approval of an acquisition of Desbro Kenya Limited ("Desbro Kenya") and Desbro Uganda Limited ("Desbro Uganda"), together as the target undertakings by Brenntag (Holding) B.V. ("BHBV").
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 operated 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

BHBV (the Acquiring Undertaking)

4. BHBV is a private limited liability company incorporated in the Netherlands. BHBV is an indirect subsidiary of Brenntag AG, a publicly listed German chemical distribution company founded in 1874 in Berlin and headquartered in Essen, Germany. Brenntag AG has various subsidiaries around the world which form the Brenntag Group.
5. The Brenntag Group has operations in the following COMESA Member States: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia, Uganda, Zambia, and Zimbabwe.

Desbro Kenya (target undertaking)

6. Desbro Kenya is a private limited liability company incorporated under the laws of Kenya and undertakes the business of distributing industrial chemicals and raw materials in Kenya and exports products to Uganda, Rwanda, Burundi and Ethiopia. The products distributed by Desbro Kenya include chemical products such as plastics, coatings & construction, textiles, water treatment and increasing Life Sciences.
7. Desbro Kenya has operations in the following COMESA Member States: Burundi, Ethiopia, Kenya, Rwanda, and Uganda.

Desbro Uganda (target undertaking)

8. Desbro Uganda is a private limited liability company incorporated in Uganda and undertakes the business of distributing industrial chemicals and raw materials in Uganda and exports products to Kenya, Rwanda, Burundi and Democratic Republic of Congo. The products distributed by Desbro Uganda include chemical products such as plastics, coatings & construction, textiles, water treatment and increasing Life Sciences

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9. Desbro Uganda has operations in the following COMESA Member States: Burundi, Democratic Republic of Congo, Kenya, Rwanda and Uganda.

Nature of the Transaction

10. The proposed transaction entails the acquisition of sole control by BHBV of Desbro Kenya and Desbro Uganda.

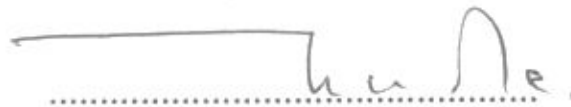
Competition Analysis

11. The CID defined the relevant market as the market for the distribution of industrial chemicals in COMESA region.
12. The CID observed that the combined market shares of the parties, post-merger, was diminutive. The CID considered that such a position would not afford the merged entity the ability to engage in sustainable anti-competitive conduct. The CID further observed that the foregoing was buttressed by the fragmented nature of the relevant market.

Determination

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

Dated this 9th day of February, 2019



Commissioner Patrick Okilangole (Chairperson)



Commissioner Brian Lingela
(Member)



Commissioner Thembelihle P. Dube Nee Dlamini
(Member)