



**COMESA Competition Commission**  
Kang'ombe House, 5th Floor-West Wing  
P.O. Box 30742  
Lilongwe 3, Malawi  
Tel: +265 1 772 466  
Email- [compcom@comesa.int](mailto:compcom@comesa.int)



**Common Market for  
Eastern and Southern Africa**

**Case File No. CCC/MER/12/42/2018**

**Decision<sup>1</sup> of the Fifty Third (53<sup>rd</sup>) Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Acquisition of Assets of Delta Petroleum Uganda Limited and Delta Petroleum Rwanda Limited by KenolKobil Plc**

**ECONOMIC SECTOR: Petroleum**

**9<sup>th</sup> February, 2019**

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

*hNa TPP B.M.L*

## Introduction and Relevant Background

1. On 12<sup>th</sup> December 2018, the COMESA Competition Commission (the **Commission**) received a notification for approval of a merger involving KenolKobil Plc (**KenolKobil**) as the acquiring firm, and Delta Petroleum Uganda Limited ("**Delta Uganda**") on the one hand and Delta Petroleum Rwanda Limited (**Delta Rwanda**) on the other (together, the "**Target Undertakings**").
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 and they met 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

#### *KenolKobil (the Acquirer)*

4. The acquiring undertaking, KenolKobil, is a public company incorporated in Kenya as an indigenous Kenyan oil marketing conglomerate that markets petroleum products in the downstream market and trades in refined petroleum products which include motor fuels, industrial oils, LPG, aviation fuels, lubricants and other specialist oils. In the Common Market, the KenolKobil Group subsidiaries operate in Burundi, Ethiopia, Kenya, Rwanda, Uganda and Zambia.

#### *The Target Undertakings*

5. The target undertakings are part of the Delta Group. Delta Uganda is a private limited liability company incorporated under the laws of the Republic of Uganda. The core business of Delta Uganda is the sourcing, importation and distribution of both white oils (Diesel, Super, and Kerosene) and black oils (Bitumen and Fuel Oil). Delta Rwanda is a private limited liability company incorporated under the laws of the Republic of Rwanda. Delta Rwanda is an oil marketing company that trades in refined petroleum products which include motor fuels, industrial oils, LPG, fuels, lubricants, and other specialist oils.

### Nature of the Transaction

6. KenolKobil was acting through its wholly-owned subsidiaries, Kobil Uganda Limited ("**Kobil Uganda**") and Kobil Petroleum Rwanda Limited ("**Kobil Rwanda**") for purposes

of the transaction notified. The proposed transaction involved the acquisition by Kobil Uganda of 23 service stations owned/operated by Delta Uganda in Uganda, and the simultaneous acquisition by Kobil Rwanda of 10 service stations owned/operated by Delta Rwanda in Rwanda.

**Competition Analysis**

7. The CID observed that while the acquiring firm had operations in a number of Member States, the two target undertakings each had operations in Rwanda and Uganda respectively. The CID therefore considered that the parties' activities overlapped only in Uganda and Rwanda where the target undertakings were involved in the retail supply of automotive fuels. In this regard, the CID defined the relevant markets as the markets for retail supply of automotive fuels in Rwanda and Uganda.
8. The CID considered that the merging parties' post-merger combined market shares were unlikely to raise significant competition concerns and would not materially alter the competitive structure of the relevant markets.

**Determination**

9. 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 unconditionally.
10. This decision is adopted in accordance with Article 26 of the Regulations.

**Dated this 9<sup>th</sup> of February 2019**



**Commissioner Patrick Okilangole (Chairperson)**



**Commissioner Brian Lingela  
(Member)**



**Commissioner Thembelihle Dube Nee Dlamini  
(Member)**

