



COMESA Competition Commission

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**Common Market for Eastern
and Southern Africa**

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PRESS RELEASE

**COMESA Competition Commission Closes Investigation into Resale Price Maintenance
in the Distribution Agreements between Coca-Cola Beverages Africa Proprietary
Limited and its Distributors**

In January 2018, the COMESA Competition Commission (“the Commission”) became aware of distribution agreements between Coca-Cola Beverages Africa Proprietary Limited (“CCBA”) and third-party distributors, which contained clauses stipulating the resale price at which various non-alcoholic beverages under trademarks of The Coca-Cola Company (“TCCC”) were to be sold. CCBA is a subsidiary of The Coca-Cola Company (“TCCC”).

Following a preliminary inquiry, the Commission instituted a formal investigation under Article 22 of the COMESA Competition Regulations (“Regulations”), by duly serving CCBA with a Notice of Investigation on 15th January 2018. The objective of the investigation was to determine whether the resale price maintenance clauses in the agreements were violating the Regulations.

The Commission noted that CCBA’s pricing behaviour was not effectively constrained by that of its competitors. Further that the stipulation of prices by a market leader was likely to lead to an inflation of prices of competing brands in the market where the incumbents set their prices in a similar fashion as that of the market leader. The overall effect of this would be higher prices for consumers.

To address the Commission’s concerns, the CCBA undertook to amend its agreements in the market by removing the clauses which stipulate the prices and profit margins for the sale of its products. Furthermore, the CCBA undertook to implement a compliance programme designed to ensure that in future its employees, management and directors do not engage in conduct that contravenes the Regulations.

The Commission will continue to monitor the sector closely.