



COMESA Competition Commission
Kang'ombe House, 5th Floor-West Wing
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 (0) 1 772 466
Email- compcom@comesa.int



Common Market for Eastern
and Southern Africa

Case File No. CCC/MER/07/25/2019

**Decision¹ of the Sixty-Seventh (67th) Committee Responsible for
Initial Determination Regarding the Proposed Merger involving
United Technologies Corporation and Raytheon Company**

ECONOMIC SECTOR: Aerospace

22nd December 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 26th July 2019, the COMESA Competition Commission (hereinafter referred to as the “**Commission**”) received a notification for approval of a merger involving United Technologies Corporation (“**UTC**”) and Raytheon Company (“**Raytheon**”).
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the “**Regulations**”). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the 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 (the “**CID**”) established that the parties operate in more than one COMESA Member State and they meet the required 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

UTC (the Acquirer)

4. The parties submitted that UTC is a U.S. corporation that provides high-technology products and services for the building systems and aerospace industries worldwide. In the Common Market, UTC has operations in Burundi, Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Eswatini, Uganda, Zambia, and Zimbabwe.

Raytheon (the Target)

5. The parties have submitted that Raytheon is a U.S. defence contractor. It supplies guided weapons, sensors, electronics, and professional services for military and commercial customers. In the Common Market, Raytheon supplies products in Egypt and Tunisia only.

Nature of the Transaction

6. The parties have submitted that the notified transaction relates to the proposed combination of the defense and aerospace business of UTC and Raytheon in a merger of equals (the “**Proposed Transaction**”).

Competition Analysis

7. The CID defined the relevant markets as the global markets for provision of:
 - a) aftermarket repairs and services for defence aircrafts;
 - b) tactical airborne reconnaissance pods including testing, installation and support services;
 - c) tactical fighter radars;
 - d) integrated electronic warfare systems;



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- e) air to surface missiles;
 - f) ground-based air defence;
 - g) ship-based missiles; precision guided munitions; and
 - h) military training services
8. The CID observed that the merging parties are significant players on the global aircraft defence market. However, the Proposed Transaction will not result in market share accretion, and the merging parties will still face competitive pressure from competitors in their respective markets.

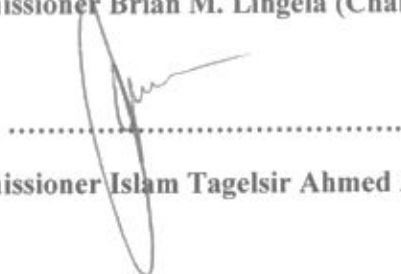
Determination

9. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID approved the transaction.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 22nd of December, 2019



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Commissioner Brian M. Lingela (Chairperson)



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Commissioner Islam Tagelsir Ahmed Alhasan

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