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**Common Market for Eastern  
and Southern Africa**

**Case File No. CCC/MER/09/33/2019**

**Decision<sup>1</sup> of the Seventieth (70<sup>th</sup>) Committee Responsible for Initial  
Determination Regarding the Proposed Merger Involving Zaad  
International BV and EASEED Group Limited**

**ECONOMIC SECTOR: Agriculture**

**10<sup>th</sup> March 2020**

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

*[Handwritten signatures: "M", "BML", and "T.P.D"]*

## Information and Relevant Background

1. On 22<sup>nd</sup> January 2020, the COMESA Competition Commission (hereinafter referred to as the “**Commission**”) received a notification for approval of a proposed merger involving Zaad International BV (“**Zaad BV**”) and EASEED Group Limited (“**EASEED**”).
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 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.

## The Parties

### Zaad BV (the Acquirer)

4. It was submitted that Zaad BV is a company incorporated in accordance with the laws of Netherlands. Zaad BV is wholly owned and directly controlled by Zaad Holdings Limited (“Zaad”), a public company incorporated in accordance with the Laws of South Africa. Zaad is in turn directly controlled by Zeder Investments Limited which is incorporated in South Africa and listed on the securities exchange operated by JSE Limited. In addition to Zaad, Zeder also controls other firms incorporated in South Africa such as Zeder Financial Services Limited, Capespan Group Limited and The Logistics Group Proprietary Limited (together referred to as the “acquiring group”). The acquiring group operates in the Common Market for Eastern and Southern Africa (COMESA) as an agri-business and produces and distributes agricultural seeds and agro-chemicals. The acquiring group has operations in the following COMESA Member States: Burundi, Democratic Republic of Congo, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Malawi, Rwanda, Mauritius, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

### EASEED (the Target Undertaking)

5. It was submitted that EASEED is a company incorporated in accordance with the Laws of Mauritius. EASEED is newly incorporated, wholly owned and directly controlled by a Kenyan national, Mr. Jitendra Shah. The target group comprises companies which are in the business of breeding and distributing agricultural seeds and agricultural chemicals and equipment. The target group has operations in the following COMESA Member States: Burundi, Democratic Republic of Congo, Kenya, Rwanda, Sudan, Uganda and Zambia.

## Nature of the Transaction

6. The parties submitted that the acquiring group, through Zaad Holdings Limited and Jitendra, have entered into an Investment Agreement in relation to the acquiring group's proposed investment in the target group. Pursuant to the Investment Agreement, the target group will undergo an internal restructuring pursuant to which the businesses of the Target Group in Kenya, Tanzania, Uganda, Rwanda and Zambia will be amalgamated under EASEED Group Limited (“EASEED”). Following completion of the internal restructuring and subject to satisfaction of the conditions precedent and the completion of the Investment Agreement,

Zaad BV will acquire a 40% stake in EASEED, with an option to acquire an additional stake in the future.


### **Competition Analysis**

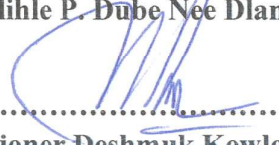
7. The CID observed that the acquiring and target undertakings were involved in supplying overlapping products. The CID also observed that as a result of the horizontal overlap, the transaction was likely to result in an accretion of market shares. However, the CID noted that the market was highly fragmented with the presence of several global players. The CID observed that the market shares for both parties were not significant such that post-merger, the market share accretion would be insignificant.
8. The CID defined the relevant market as follows:
  - a) The upstream market for breeding of agricultural seeds in the Common Market;
  - b) The market for the production and distribution of vegetable seeds, agronomy seeds and pasture & forage seeds in COMESA;
  - c) The market for the supply of herbicides in COMESA;
  - d) The market for the supply of insecticides in COMESA;
  - e) The market for the supply of fungicides in COMESA;
  - f) The market for the supply of fertilizers in COMESA; and
  - g) The global market for the supply of agro-tools and equipment.

### **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 be incompatible with the COMESA Treaty objective of full market integration. The CID therefore approved the transaction.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 10<sup>th</sup> March, 2020

  
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**Commissioner Thembelihle P. Dube Nee Dlamini (Chairperson)**

  
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**Commissioner Deshmuk Kowlessur**

  
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**Commissioner Brian M. Lingela**