



COMESA Competition Commission
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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/03/07/2020

Decision¹ of the Seventy-First (71st) Committee Responsible for Initial Determination Regarding the Proposed Merger involving Rhône Capital L.L.C and MaxamCorp Holding S.L

ECONOMIC SECTOR: Explosives, Ammunitions, and Chemical Improvers

8th June 2020

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 March 2020, the COMESA Competition Commission (hereinafter referred to as the “**Commission**”) received a notification for approval of a merger involving Rhône Capital L.L.C (“**Rhône Capital**”) and MaxamCorp Holding S.L (“**Maxam**”).
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 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

Rhône Capital (the Acquirer)

4. It was submitted that Rhône Capital, together with its affiliates, is an alternative investment management firm headquartered in the US. Rhône Capital, through its indirectly controlled portfolio companies, derives turnover in the following COMESA Member States: Burundi, DRC, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia, Zambia, and Zimbabwe. The portfolio companies are engaged in a number of activities in the Common Market including, provision of consumables for the foundry industry, security products and services, bakery, IT education and training, and swimming pool equipment brands.

Maxam (the Target)

5. The parties submitted that Maxam is the head of a diversified group of companies which are active primarily in the manufacture and supply of civil explosives and initiating systems and related products, services and solutions, ammunition and defence products, services and systems; and recreational hunting and sporting products, such as cartridges and gunpowder, among others. Maxam derives turnover in the following COMESA Member States: Burundi, DRC, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia, Zambia, and Zimbabwe.

Nature of the Transaction

6. In terms of the notified transaction, the entities controlled by Rhône Capital will acquire sole control of Maxam by way of an additional purchase of shares. Rhône Capital has exercised joint control over Maxam since July 2019.

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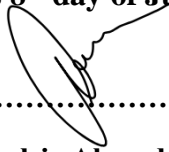
Competition Analysis

7. The CID observed that the parties were not involved in overlapping activities in the Common Market pre-merger. Therefore, for purposes of the competitive assessment, the CID defined the relevant markets as the global supply of explosives, ammunitions, and chemical improvers.
8. The CID observed that the transaction would not result in a change in the market structure due to the absence of any horizontal overlap in the activities of the parties pre-merger. The CID therefore concluded that the transaction will not lead to any increase in market concentration.

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 therefore approved the transaction.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 8th day of June, 2020

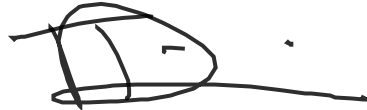


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Commissioner Islam Tagelsir Ahmed Alhasan (Chairperson)



Commissioner Brian M. Lingela



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Commissioner Thembelihle P. Dube née Dlamini