Case File No. CCC/MER/09/25/2020

Decision\(^1\) of the Seventy-Fourth (74\(^{\text{th}}\)) Committee Responsible for Initial Determination Regarding the Proposed Merger Involving Siemens Healthineers AG and Varian Medical Systems, Inc.

ECONOMIC SECTOR: Medical Equipment

26\(^{\text{th}}\) February 2021

\(^1\) 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.
Information and Relevant Background

1. On 9th October 2020, the COMESA Competition Commission (hereinafter referred to as the “Commission”) received a notification for approval of a merger involving Siemens Healthineers AG (“Siemens Healthineers”) and Varian Medical Systems, Inc. (“Varian Medical”).

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

*Siemens Healthineers*

4. It was submitted that Siemens Healthineers was a global provider of healthcare solutions and services, developing, manufacturing and selling a diverse range of medical imaging equipment. In the Common Market, the acquiring group was directly or indirectly active in Burundi, the Democratic Republic of Congo (the DRC), Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia, Uganda, Zambia, and Zimbabwe.

*Varian Medical*

5. It was submitted that Varian Medical was a global manufacturer of medical devices and software solutions for treating cancer and other medical conditions with radiotherapy and other treatments. In the Common Market, the target was directly or indirectly active in the DRC, Egypt, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Sudan, Tunisia, Uganda, and Zimbabwe.

Nature of the Transaction

6. The parties submitted that the notified transaction involved the acquisition of all of the shares of Varian Medical by Siemens Healthineers Holding I GmbH, a wholly owned subsidiary of Siemens Healthineers, which is part of the Siemens Group (the “Proposed Transaction”). As a result of the Proposed Transaction, Siemens Healthineers would acquire indirect sole control of Varian Medical.

Competition Analysis

7. The CID defined the relevant markets as follows:
a. Global markets for the manufacture and supply of each medical imaging modality (including equipment, software and maintenance), namely (i) X-ray, Computed tomography (iii) Magnetic resonance, (iv) Ultrasound, and (v) Nuclear imaging; and

b. Global markets for the manufacture and supply of delivery and treatment planning systems for (i) external beam radiation therapy and (ii) brachytherapy.

8. The CID observed that the transaction would not result in market share accretion due to the absence of horizontal overlaps between the activities of the acquiring group and the target pre-merger. The CID further considered that the limited complementarity between Siemens Healthineers’ products in the medical imaging markets and Varian Medical’s radiotherapy treatment markets were unlikely to create incentives for the merging parties to engage in foreclosure strategies, in view of the presence of global competitors.

**Determination**

9. The CID determined that the merger was 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 was unlikely to negatively affect trade between Member States. The CID concluded that the transaction was not incompatible with the COMESA Treaty objective of single market integration. The CID therefore approved the transaction.

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

Dated this 26th of February 2021

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Commissioner Thembelihle Precious Dube née Dlamini (Chairperson)

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Commissioner Islam Tagelsir Ahmed Alhasan

Commissioner Francis Lebon