



COMESA Competition Commission

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Common Market for Eastern
and Southern Africa

28th July 2022

CCC Merger Inquiry Notice No. 28 of 2022

Notice of Inquiry into the Proposed Transaction between SMBC Aviation Capital Limited and Goshawk Management Limited

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the "**Regulations**") that the COMESA Competition Commission (the "**Commission**"), after receiving a notification in terms of Article 24 of the Regulations regarding the proposed acquisition by SMBC Aviation Capital Limited ("**SMBC AC**" or the "**acquiring undertaking**"), of Goshawk Management Limited ("**Goshawk**", and certain assets relating to the operation of Goshawk and its subsidiaries, the "**target undertaking**"), intends to embark on an inquiry in terms of Article 26 of the Regulations.

On 16 May 2022, SMBC AC entered into an agreement with Goshawk Aviation Limited under which SMBC AC will acquire (i) 100% of the shareholding of Goshawk, and (ii) certain assets relating to the operation of Goshawk and its subsidiaries. The Proposed Transaction brings together two strategically aligned and complementary businesses, which combined will benefit from a best-in-class portfolio focused on new technology narrow-body aircraft to better serve customers while accelerating growth, and accelerates growth in line with SMBC AC's strategic focus on young narrow-body aircraft.

SMBC AC is an Irish limited company with its global headquarters located in Ireland. It is the aircraft leasing business of the Sumitomo Mitsui Finance and Leasing Company Limited, which is in turn owned and controlled by a Japanese financial institution, Sumitomo Mitsui Financial Group ("**SMFG**"), and a Japanese trading company, Sumitomo Corporation ("**SC**"). Each of SMFG and SC own 50% of SMFL, which owns 68% of SMBC AC (the other 32% being held by Sumitomo Mitsui Banking Corporation ("**SMBC**"), a wholly owned subsidiary of SMFG).

The parties submitted that SMBC AC is mainly active in the leasing of fixed-wing commercial aircraft to airlines under dry-leasing arrangements. SMBC AC also sells used aircraft (also known as aircraft trading) to airlines, other leasing companies, and financial investors. It further provides lease management services that are an incidental part of its aircraft trading activity to some of its customers (aircraft owners/lessors), including asset management and remarketing services. Within the Common Market,

SMBC AC operates in Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, and Tunisia.

Goshawk is a limited liability company incorporated in Ireland and is wholly owned by Goshawk Aviation Limited (“Goshawk Aviation”), which in turn is indirectly owned and controlled by Chow Tai Fook Enterprises Limited. Goshawk is an aircraft lessor which acquires aircrafts and leases them to airlines on a worldwide basis and manages those leases. The parties submitted that, as part of the management of its aircraft fleet, Goshawk also sells (trades) used aircraft, and provides lease/asset management services post-sale when needed. Within the Common Market, the target operates in Ethiopia and Kenya.

The Commission will, in accordance with Article 26 of the provisions of the Regulations, determine, among other things, whether or not the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction is or would be contrary to the public interest.

In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the inquiry by emailing them to: akamanga@comesa.int. All written representations should be sent to the Commission not later than **17 August 2022**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Mr. Ali Kamanga, Senior Analyst, Mergers and Acquisitions** on Tel: +265 (0) 1 772 466 or akamanga@comesa.int.

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.