



**COMESA Competition Commission**

Kang'ombe House, 5<sup>th</sup> Floor

P.O. Box 30742

Lilongwe 3, Malawi

Tel: +265 (0)111 772 466/529/530

+265 (0) 999 970 269

Email- [compcom@comesacompetition.org](mailto:compcom@comesacompetition.org)



**Common Market for Eastern  
and Southern Africa**

**Case File No. CCC/MER/11/44/2024**

**Decision<sup>1</sup> of the 116<sup>th</sup> Meeting of the Committee Responsible  
for Initial Determinations Regarding the Proposed Acquisition  
of sole control by Toppan Global Security Limited of HID  
Global Corporation's Citizen Identity Solutions Portfolio**

**ECONOMIC SECTOR: Security**

**25 March 2025**



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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

## The Committee Responsible for Initial Determinations,

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the “**COMESA Treaty**”);

Having regard to the COMESA Competition Regulations of 2004 (the “**Regulations**”), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the “**Rules**”);

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Having regard to the COMESA Merger Assessment Guidelines of 2014;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State;

Desirous of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States’ economies through the attainment of full market integration;

Determines as follows:

### Introduction and Relevant Background

1. On 6 January 2025, the COMESA Competition Commission (the “**Commission**”) received a notification of the proposed acquisition by Toppan Global Security Limited (“**Toppan**”), part of Toppan Holdings Inc. (collectively, the “**acquiring group**”) over HID Global Corporation’s Citizen Identity Solutions Portfolio (“**HID Global**”), consisting of a number of firms and its subsidiaries, collectively (the “**Target Group**”), pursuant to Article 24(1) of the Regulations.
2. 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. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.





## The Parties

### ***Toppan (the “acquiring group”)***

4. The parties submitted that the acquiring group is a diversified global provider dedicated to delivering sustainable and integrated solutions across various fields, including printing, communications, security, packaging, decor materials, electronics, and digital transformation.
5. The parties submitted that the acquiring group, through Toppan Next Pte Limited (“**Toppan Next**”), indirectly controls Toppan Gravity Limited (“**Toppan Gravity**”). Toppan Gravity provides products and services relating to identity and security documents. Toppan Gravity's offering comprises a variety of products and solutions focused on identity verification and documentation, including physical documents like passports, national ID cards, and driving licenses, as well as digital solutions such as e-passports and mobile ID applications.
6. Toppan Gravity provides payment and banking solutions, as well as end-to-end smart electronic identification solutions (e-IDs), including electronic passports (e-Passports). Smart cards, which embed chips for identification purposes, include various e-ID documents such as e-Passports, national identity cards, and electronic driving licenses, typically issued by governmental authorities or public bodies.
7. The parties further submitted that Toppan Gravity offers a range of related services, including product design (such as visually appealing card designs), card and document personalization, facilitation of card issuance by banks, card packaging and delivery, and general business consulting. Toppan Gravity also provides ICT consultancy services, covering system design, implementation and maintenance support, as well as factory ramp-up and improvement.
8. The parties submitted that the acquiring group's relevant activities in the Common Market relates to security and payment solutions, such as plastic and smart cards for identification, payment, and transport; passports; and other related services.
9. The parties further submitted that the acquiring group has physical presence only in Ethiopia. Within the Common Market, the Toppan Group, *inter alia*, provides products and services mainly relating to payment cards in Burundi, Democratic Republic of Congo (“**DRC**”), Comoros, Djibouti, Egypt, Ethiopia, Kenya, Libya, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

### ***HID Global (the “Target Group”)***

10. The parties submitted that the target group consists of a number of entities that belong to a wider group of companies that together form HID Global's Citizen Identity Solutions portfolio.



11. The parties submitted that the target group comprises entities including HID Global CID SAS, HID Global Ireland Teoranta, HID Global Tanzania, HID CID Limited, HID CID Italy S.r.l., HID Global CID Limited, HID Malta Limited, HID IIS Limited, HID Angola Sociedade Unipessoal Lda, and HID Caribbean Limited). Of these target entities, HID CID Limited, HID Global CID Limited, and HID IIS Limited have operations within the Common Market.
12. The parties submitted that the target group's activities relate to the manufacturing, designing, and implementing physical, mobile and biometric identity solutions for government-to-citizen programs around the globe. Specifically, the target group's activities relate to the supply of IDs, passports, driving licences, laminates and support and maintenance services.
13. Within the Common Market, the parties submitted that the target group has physical presence only in Kenya.

### **Jurisdiction of the Commission**

14. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the "**Merger Notification Thresholds Rules**") provides that:

*"Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:*

- a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds USD 50 million; and*
- b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds USD 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State".*

15. The undertakings concerned have operations in two or more Member States. The undertakings concerned derived a turnover of more than the threshold of USD 50 million in the Common Market and they each derived a turnover of more than USD 10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate turnover or asset value in one and the same Member State. The CID was thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.





## Details of the Merger

16. The parties submitted that the proposed transaction entails the acquisition of sole control by Toppan over HID Global.

## Competition Analysis and Relevant Observations

### Consideration of the Relevant Markets

#### *Relevant Product Market*

17. Paragraph 7 of the Guidelines on Market Definition stipulates that a “*relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products’ characteristics, their prices and their intended use*”.
18. The CID observed that Toppan is active in the supply of plastic and smart cards for payment, identification and transport, as well as passports and related services in several Member States. The CID also observed that the target group is engaged in the supply of national IDs, passports, driving licenses, laminates, and associated support and maintenance services.
19. The CID noted that the parties’ activities overlap in the provision of identification solutions including the supply of national IDs, passports, support and maintenance services. The CID’s assessment of relevant market therefore focussed on the provision of identity solutions.

#### *Provision of identification solutions*

20. The CID noted that identification solutions include government-issued identification materials designed to verify and authenticate an individual’s identity. The CID observed that these solutions serve various functions, including verification, public administration and national security. Identification refers to the process of determining a person’s identity or recognition of an object for what it is.<sup>2</sup> An identity solution is an official government issued record that serves as proof of an individual’s identity.<sup>3</sup>
21. The CID noted that identity is a unique set of features and characteristics that individualize a person, including biographical and biometric attributes.<sup>4</sup> Government issued identification solutions are designed to verify a person’s identity and include national ID cards, passports, driving licenses, social security cards, and residential permits.

<sup>2</sup> <https://documents1.worldbank.org/curated/en/156111493234231522/pdf/114628-WP-68p-TheStateofIdentificationSystemsInAfricaASynthesisofIDDAssessments-PUBLIC.pdf>.

<sup>3</sup> <https://usesmileid.com/glossary/identity-document-id-document>.

<sup>4</sup> <https://documents1.worldbank.org/curated/en/156111493234231522/pdf/114628-WP-68p-TheStateofIdentificationSystemsInAfricaASynthesisofIDDAssessments-PUBLIC.pdf>.



22. The CID further observed that passports are specifically designed for international travel. They serve as official government-sized travel documents that verify an individual's nationality and identity while facilitating international movement.<sup>5</sup> Passports contain essential details such as the holder's name, date of birth, photograph, unique passport number, and expiry date, enabling border authorities to verify the traveler's credentials. In addition to allowing entry and exit from foreign countries, passports often include visas or entry stamps that document an individual's travel history.
23. The CID noted that national ID cards, on the other hand, are primarily designed for identifying individuals within a country. They are government-issued identification solutions that verify an individual's citizenship and identity within a particular country.<sup>6</sup> Unlike passports, which facilitate international travel, national ID cards are primarily country-specific and are not generally recognized outside the issuing country.
24. The CID also noted that driver's licenses serve as official permits issued by government authorities, authorizing individuals to operate motor vehicles.<sup>7</sup> While their primary function is related to transportation and road safety, driver's licenses are also used as personal identification solutions. They often contain the holder's photograph, name, date of birth, and address, making them useful for age verification, financial transactions, and other public services.
25. The CID further noted that many countries have transitioned to electronic identification solutions, issuing e-passports, e-ID cards and e-driving licenses that incorporate digital chips for enhanced security against forgery and identity theft. An e-passport, for example is a traditional passport embedded with a radio-frequency identification chip that stores the holder's biographical information, digital photograph, biometric identifier (such as fingerprint), and a unique digital signature.<sup>8</sup> ePassport adds a layer of security to traditional non-electronic passports by embedding an electronic chip in the passport booklet that stores the biographical information visible on page 2 of the passport, as well as a digital security feature.<sup>9</sup> Similarly, e-ID cards, and e-driving licenses contain electronic chips that securely store personal data, enhancing identity verification and authentication.<sup>10</sup>
26. In view of the foregoing, the CID considered that the market for the provision of electronic identification solutions can be construed as a separate market. The CID noted that the market may comprise several types of identity solutions such as e-

<sup>5</sup> <https://usesmileid.com/glossary/identity-document-id-document>.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> <https://stacker.com/stories/travel/countries-issue-e-passports>.

<sup>9</sup> <https://www.icao.int/Security/FAL/PKD/Pages/ePassport-Basics.aspx>.

<sup>10</sup> <https://www.eac.int/immigration/migration-management/ea-e-passport>.





passports, e-ID cards and e-driving licenses which have enhanced security features to guard against forgery and identity theft.

27. The CID noted that the European Commission ("EC")<sup>11</sup> has previously recognized that the ID smart card market can be further segmented based on the document type, including e-passports (secure paper-based ID document), e-ID cards, e-driving licenses, and e-health cards (plastic card-based ID documents).
28. The CID further noted that the EC also considered two primary formats for ID documents<sup>12</sup>, ID-1 and ID-3, based on **ISO/IEC 7810** standard for identification cards physical characteristics, categorizing ePassport, eIDs, and eDriving licenses. The ID-1 format, measuring 85.60 mm × 53.98 mm (3 3/8 in × 2 1/8 in), is commonly used for payment cards, personal identity cards, driving licenses, and transport system fare cards.<sup>13</sup> In contrast, the ID-3 format, measuring 125.00 mm × 88.00 mm (4.921 in × 3.465 in), is specifically designed for passport booklets/ePassports.
29. The CID observed that the target group is active in the supply of national ID cards and driving licenses (both belonging to ID-1), as well as passport booklet (ID-3 format). While national IDs and driving licenses are primarily used domestically and often interchangeably, passports are distinct in their use for international travel. The CID observed that this distinction suggested the presence of separate product markets. Furthermore, the EC highlighted competitor feedback<sup>14</sup> indicating that transitioning between different ID-1 format cards (e.g., e-ID cards, e-health cards, and e-driving licenses) is relatively simple and does not entail significant technical difficulties or costs, demonstrating supply side substitutability. The CID noted that switching to the ID-3 format for e-passports was not easy and required significant investment and development time.
30. In view of the above, the CID considered that the **market for supply of identity solutions** was relevant for the purposes of conducting the competitive assessment of this transaction. Further, while acknowledging the possibility for defining narrower markets based on the type of identification solution supply, the CID was of the view that this was unnecessary as any narrower market definition will not alter the competitive assessment of this transaction.

*The provision of support and maintenance services*

31. The CID noted that both the acquiring and target groups provide support and maintenance services to customers who procure smart ID cards and other government identity solutions. These services are essential for ensuring the continuous functionality of systems used for managing government identity credentials. They include software updates, security enhancements, and operational

<sup>11</sup> See para.29 of Case M.8258 - ADVENT INTERNATIONAL / MORPHO.

<sup>12</sup> See para.26 of Case M.8258 - ADVENT INTERNATIONAL / MORPHO.

<sup>13</sup> <https://www.rfidcard.com/iso-iec-7810-identification-cards-physical-characteristics/>.

<sup>14</sup> See para. 31 of Case M.8258 - ADVENT INTERNATIONAL / MORPHO.



support, which are essential for the maintenance of smart card infrastructure, biometric databases, document verification systems, and secure printing technologies. For example, the target group submitted that it provides support and maintenance services such as software and peripherals for set-up and personalization to its customers. The CID also noted that the target group provides fully customisable support packages to its customers ensuring that each country's specific needs are met during implementation and throughout the operational life of an identity management solution.

32. The CID noted that due to security concerns and patented technology, customers often enter into long-term contracts with identity solution suppliers to get maintenance and support services. The CID further noted that the target group works with multiple partners to distribute its identification smart cards and provide associated support and maintenance services under long-term contractual agreements.
33. The CID also noted that customers procuring identity solutions generally prefer to engage the original developers or their authorized distributors/service providers for maintenance and support services. The CID further noted that the preference is driven by the sensitive nature of the identity solutions, which require specialized expertise and security credentials to operate and maintain identity management systems. The CID further observed that manufacturers are often favored due to their access to genuine spare parts and specialized tools necessary for servicing the equipment.
34. In light of the above, the CID was of the view that the provision of support and maintenance services for the supply of identity solutions constituted a distinct product market.
35. Based on the above considerations and without prejudice to the CID's approach in similar future cases, the relevant product markets were defined as:

**a) the supply of identity solutions, and**

**b) the provision of support and maintenance services for the supply of identity solutions.**

#### **Relevant Geographic Market**

36. The Guidelines on Market Definition define the relevant geographic market as follows:

*"The relevant geographic market comprises the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas".*





37. The CID observed that the geographic scope for the identity solutions market was likely to be national since it is country specific. The CID further noted that identity solutions typically issued by national authorities serve for broad identification purposes, including legal recognition and international travel. The CID observed that these were inherently country specific<sup>15</sup>, as their design, security features, and issuance processes vary across jurisdictions due to differences in legal and regulatory requirements, administrative structures, and security considerations factors. The CID further observed that each country determines the types of identity solutions it issues, the formats, security features, and the intended use. The CID also observed that ePassport incorporates a country-specific, unique digital signature that enhances security and can be verified using the corresponding certificates.<sup>16</sup> The CID noted the parties' submission that a national scope for identification solutions such as e-ID and ePassport is relevant as this is determined by a national customer base with country-specific tenders and product requirements and local regulatory requirements.
38. The CID noted that the implementation of a digital, government-recognized ID system is also country-specific. Governments and regulatory agencies of different countries are implementing increasingly stringent regulations to protect their people's privacy and ensure the integrity of digital transactions.<sup>17</sup> For instance, the biometric features embedded in ePassport vary by country to protect holder privacy.<sup>18</sup> The CID observed that national ID cards, which serve as proof of identity and facilitate access to public services, must be introduced with consideration of country-specific factors, reinforcing the localized nature of the market.<sup>19</sup> Similarly, the CID noted the target group's submission that it produces and supplies IDs, passports and driving licences which are tailored to a country's specific requirements (including with electronic inlays and security components).
39. However, the CID observed that the procurement of identity solutions is usually executed by government agencies through global bidding or tender processes where any supplier around the world can compete to win the bid. Through the bid or tender, governments and corporations demand these services where any global competitor can attend to the bidding process and supply these identity solutions under certain contractual agreement/partnerships.
40. The CID noted that this is the reason why the majority of suppliers, including the merging parties, have a global presence where they are active in the bidding or tender markets where most customers (such as governments and banks) run

<sup>15</sup> <https://usesmileid.com/supported-documents>.

<sup>16</sup> <https://www.icao.int/Security/FAL/PKD/Pages/ePassport-Basics.aspx>.

<sup>17</sup> <https://www.mordorintelligence.com/industry-reports/identity-verification-market>.

<sup>18</sup> <https://id4d.worldbank.org/guide/types-id-systems>.

<sup>19</sup> [https://www.holdings.toppan.com/en/news/2024/10/newsrelease241025\\_1.html](https://www.holdings.toppan.com/en/news/2024/10/newsrelease241025_1.html).



international commercial tender processes when procuring their products and services.

41. The CID noted that companies operating at global level can supply identity solutions to different countries with a few adjustments to reflect the specifications of the respective countries. The CID observed that the target group supplies its identity solutions in Egypt, Eswatini, Kenya, and Rwanda. The CID therefore observed that the geographic market for identity solutions was likely to be broader than national and may be at least the Common Market, notwithstanding the peculiar country specific security requirements.
42. The CID further noted that the geographic scope for support and maintenance services related to identity solutions is likely to be national. Customers typically rely on local distributors or agents for effective service delivery, given the logistical advantages, cost efficiencies, and compatibility requirements. These services are ancillary to the primary market for the supply of identity solutions, with most customers procuring maintenance and support from their original identification solution providers or exclusive dealers. The CID further noted that for complex or critical maintenance tasks, direct support from the supplier is often necessary, and such services are typically provided within exclusive distribution networks under long-term contracts. The CID noted for instance, the target group provides support and maintenance services such as software and peripherals for set-up and personalization to its customers in Egypt and Rwanda.
43. In light of these considerations, the CID considered that the geographic scope for the supply of identity solutions was COMESA-wide while the geographic scope for support and maintenance services was national in relation to Egypt and Rwanda.

#### ***Conclusion on Relevant Markets***

44. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the CID defined the relevant markets as:
  - (a) **the supply of identity solutions in at least the Common Market, and**
  - (b) **the provision of support and maintenance services related to identity solutions in Egypt and Rwanda.**

#### **Consideration of Substantial Lessening of Competition or "Effect" Test**

##### ***Market Shares and Concentration***

45. The determination of market shares and concentration provides a first indication of whether a change in market structure could create or facilitate the exercise of market power. Market power is defined as the ability of a firm profitably to increase and sustain the price of a product above competitive levels or restrict output or reduce





product quality independently of its competitors, customers, and consumers. The Commission is unlikely to find concern in non-horizontal mergers, be it of a coordinated or of a non-coordinated nature, where the market shares post-merger of the new entity concerned in each of the markets concerned is below 30% and the sum of the market shares of the top three firms is less than 70%.<sup>20</sup>

46. The CID noted that the parties' submission that the Target group's market share [REDACTED] in any of the identified relevant markets. The CID further observed that the proposed transaction will not lead to any market share accretion in any Member State, as there are no horizontal overlaps. The CID further noted the parties' submission that due to the one-time nature of the bidding or tender process in the identity solutions market, where each project's tender process may result in a single successful bidder, competition resets freshly with each contract and customer. The CID concluded that as a result, market shares are opaque and generally unavailable.
47. The CID observed that the target group's presence in the Common Market is minimal, thus limiting its competitive insight in the relevant markets. The CID further observed that the target group's turnover derived from the Common Market is insignificant compared to the global identity verification market size value of USD 10.9 billion<sup>21</sup> traded globally in 2023.
48. The CID also noted that the parties and their competitors operate primarily in bidding or tender markets, where most customers, such as governments and corporate companies, procure products and services through competitive tender processes. The CID further noted that as a result, market participants engage in intense competition, and customers leverage this dynamic to secure the best possible offers. The CID observed that the competitive environment will remain unchanged after the proposed transaction since the merging parties are not providing similar products in the same location.
49. With regard to the support and maintenance services market, the CID observed that a similar market share structure is likely to prevail in view of the exclusive partner. Having regard to the insignificant market share of the target group, the CID considered that it was unlikely that the proposed transaction would raise competition concerns. This notwithstanding, in the absence of pre-merger geographic overlap, the CID was of the view that there will not be any market share accretion as a result of the transaction.
50. The CID observed that due to the tender/bid-based nature of the business and the presence of numerous regional and global players with ability to participate in the

<sup>20</sup> The COMESA Merger Assessment Guidelines paragraph 8.9.

<sup>21</sup> <https://www.marketsandmarkets.com/Market-Reports/identity-verification-market-178660742.html?utm>



bidding processes advertised by governments or banks, the proposed transaction was unlikely to have an adverse impact on competition.

51. Based on the foregoing, the CID considered that the transaction was not expected to affect the market structure in the relevant markets. Further, the CID concluded that the merged entity would continue to face competitive pressure from existing competitors.

### **Consideration of Third-Party Views**

52. In arriving at its determination, the CID also considered submissions from the national competition authorities of the DRC, Egypt, Ethiopia, Libya, Mauritius, Tunisia, Zambia and Zimbabwe which confirmed the absence of competition and public interest concerns.

### **Determination**

53. The CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor will it be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.
54. The CID, therefore, approved the transaction.
55. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 25<sup>th</sup> day of March 2025

**Commissioner Dr Mahmoud Momtaz (Chairperson)**

**Commissioner Lloyds Vincent Nkhoma**

**Commissioner Vipin Naugah**

