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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/01/07/2025

Decision¹ of the 118th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition by Louis Dreyfus Company Suisse S.A. of (i) shares in Grunau Illertissen GmbH; (ii) certain assets of BASF Personal Care & Nutrition GmbH; and (iii) certain IP rights and trademarks of Cognis IP Management GmbH, BASF SE and other BASF entities; and (iv) certain assets (primarily inventories and contracts) of numerous global BASF entities

ECONOMIC SECTOR: Manufacturing (food ingredients)



22 June 2025

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

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 26 February 2025, the COMESA Competition Commission (“**the Commission**”) received a notification of a merger regarding proposed acquisition by Louis Dreyfus Company Suisse S.A. (“**LDCS**”) of certain parts of BASF SE’s (“**BASF**”, together with its controlled affiliates, the “**BASF Group**”) businesses primarily relating to food performance ingredients, health ingredients, protein hydrolysates as well as conjugated linoleic acid for animal nutrition and consisting in particular of (i) shares in Grunau Illertissen GmbH; (ii) certain assets of BASF Personal Care & Nutrition GmbH; and (iii) certain IP rights and trademarks of Cognis IP Management GmbH, BASF SE and other BASF entities; and (iv) certain assets (primarily inventories and contracts) of numerous global BASF entities (collectively, the “**Target Business and the Assets**”), 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

LDCS (the “Acquiring Firm”)

4. LDCS, together with Louis Dreyfus Company B.V. (“LDC”) and any other companies ultimately controlled by LDC, represent the LDC Group. The LDC Group is a global merchant and processor of agricultural goods and is active along the entire value chain, including origination and production, processing and refining, storage and warehousing, merchandising and distribution. LDC operates various platforms including coffee, cotton, rice, grains and oilseeds, sugar, juice, freight, food and feed solutions, carbon solutions and global markets.
5. In the Common Market, the LDC Group operates in Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia, Uganda and Zambia.

The Target Business

6. Target Business is ultimately wholly owned and controlled by BASF a company incorporated under the laws of Germany. BASF is listed on the German Stock Exchange in Frankfurt and no entity solely or jointly controls BASF. Target Business is a supplier of naturally derived food performance and health ingredients, with a range of over 125 products.² The Target business has four main line of businesses as follows:
 - i. Production of food performance ingredients (FPI), including so-called performance systems and emulsifiers.
 - ii. Production of health ingredients (HI), including plant sterol esters; conjugated linoleic acid; omega-3 oils, and oil-based excipients (made from corn-oil, castor-oil, or palm kernel-oil).
 - iii. Production of vegetable and animal-derived protein hydrolysates (PH); and
 - iv. Production of animal nutrition ingredients.

² For further information, please refer to BASF’s official website at: https://www.basf.com/global/en/products/segments/nutrition_and_care/nutrition_and_health.



7. The main applications of the Target Business' products relate to the food and beverage sectors, and range from bakery goods to dairy products, to functional food, supplements and specialized nutrition, animal feed, as well as the pharmaceutical and cosmetics sector.
8. In the Common Market, the Target Business has operations in Djibouti, Egypt, Kenya, Sudan, Tunisia and Uganda.

Jurisdiction of the Commission

9. 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".*
10. 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

11. The notified transaction concerns the proposed acquisition by LDCS of certain parts of BASF SE's businesses primarily relating to food performance ingredients, health ingredients, protein hydrolysates as well as conjugated linoleic acid for animal nutrition, and consisting in particular of the Target Business and the Assets. A wholly-owned subsidiary of LDCS, namely Blitz F-24-482 GmbH (Blitz), will be the direct acquirer for purposes of the Proposed Transaction.



Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

12. Paragraph 7 of the COMESA Guidelines on Market Definition states 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”***.
13. The CID observed that within the Common Market, the acquiring group (LDC Group) is active in the provision of transport services, wholesale trade of lecithin and glycerin, wholesale trade of coffee, wholesale trade of cotton, wholesale trade of juice, wholesale trade of oilseeds, wholesale trade of grains (including corn), wholesale trade of sugar, transportation of grains, warehouse and logistics activities. Within the Common Market, the Target Business is specifically active in the sale of food performance ingredients, health ingredients and protein hydrolysates as ingredients for personal care applications.
14. The CID observed that the acquiring firm is not engaged in the same activities as the Target Business in the Common Market. The proposed transaction is therefore unlikely to raise horizontal, nor vertical overlaps given the activities of the parties. Therefore, for purposes of determining the relevant market, the CID’s assessment focused on the activities of the Target Business since any competition effect of the transaction is likely to manifest only in the markets where the Target is active.

Food performance ingredients

15. The CID observed that food performance ingredients are additives such as emulsifiers and whipping agents which are used to enhance the texture, taste, and appearance of various food including sponge cakes, whipping creams, desserts and ice cream.³ These ingredients help to improve product quality and consumer appeal.

Health ingredients

16. The CID observed that the health ingredients include extracts added to foods, beverages, and supplements to provide specific health benefits, such as boosting immunity, supporting digestive health, and promoting heart health.

³ <https://nutrition.basf.com/global/en/human-nutrition/portfolio/food-performance-ingredients> accessed on 20 May 2025



Protein hydrolysates

17. The CID also observed that protein hydrolysates are proteins that have been broken down into smaller pieces called peptides and amino acids. Protein hydrolysates have a special application in sports medicine since their consumption allows amino acids to be absorbed by the body more rapidly as compared to intact proteins and they maximize nutrient delivery to muscle tissues.
18. The CID observed that food performance and health ingredients can be considered as distinct given the differences in applications. The CID further observed that while food performance ingredients and health ingredients are used in the food industry, protein hydrolysates are mostly used in the cosmetics industry with functions that vary from hair care to skin care and protection. These products were not substitutable on account of different usage and characteristics.
19. In view of the foregoing, the CID identified the following distinct product markets:
 - a) **The sale of food performance ingredients;**
 - b) **The sale of health ingredients; and**
 - c) **The sale of protein hydrolysates.**

Relevant Geographic Market

20. The COMESA Guidelines on Market Definition define the relevant geographic market as comprising ***“...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”***.⁴.
21. The CID observed that the current operations of the Target Business are undertaken at a global scale and the products are present in the Common Market through exports. Therefore, competition in the relevant markets takes place globally as such the scope of the market is likely to be broader than national.
22. However, considering that the transaction is unlikely to alter the market structure and that any alternative geographic market will not change the conclusion of the assessment, the CID considered that it was not necessary to reach an exact scope of the geographic market.

⁴ Paragraph 8



Conclusion on Relevant Markets

23. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the CID left the relevant geographic markets open.

Consideration of Substantial Lessening of Competition or "Effect" Test Market Shares and Concentration

24. The CID noted the parties' submission that the main competitors of the Target Business in the Common Market include [REDACTED]. The CID further noted the presence of other key global players such as DSM-Firmenich and Kerry Group.
25. The CID considered that further assessment of the market structure was not necessary given the market structure will not be altered in the Common Market. Further, the Target Business will continue to face competitive pressure from both competitors in the Common Market and beyond.

Consideration of Third-Party Views

26. In arriving at its determination, the CID also considered submissions from the national competition authorities of Mauritius, Seychelles and Tunisia all of whom confirmed the transaction did not raise any competition and or public interest concerns in their respective territories.

Determination

27. 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.
28. The CID, therefore, approved the transaction.
29. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 22nd day of June 2025

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Vipin Naugah

