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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/02/13/2025

**Decision¹ of the 118th Meeting of the Committee Responsible
for Initial Determinations Regarding the Proposed
Acquisition of control by Marubeni Global Pharma
Corporation of Phillips Healthcare Corporation**

ECONOMIC SECTOR: Health



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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 21 February 2025, the COMESA Competition Commission (the “**Commission**”) received a notification for approval of the merger involving Marubeni Global Pharma Corporation (“**Marubeni**”, together with its controlled entity the “**acquiring group**”), and Phillips Healthcare Corporation (“**PHC**”, together with its subsidiaries 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 and 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

Marubeni (the “acquiring firm”)

4. Marubeni is a company incorporated in accordance with the laws of Japan and a subsidiary of Marubeni Corporation (the “**acquiring group**”), an integrated trading and investment company headquartered in Tokyo, Japan.
5. The parties submitted that the acquiring group operates a broad business network both within Japan and internationally and engages in importing, exporting, and service delivery across various sectors and industries including lifestyle; food and agriculture; energy and metals; infrastructure, medical infrastructure and healthcare.
6. The parties submitted that, within the Common Market, the acquiring group provides services which are unrelated to the healthcare and pharmaceutical industries in which the target group is active, including the export of products and materials relating to the metals and minerals, agricultural, chemicals and lifestyle sectors and/or industries.
7. The parties specifically submitted the acquiring group’s business activities within the Common Market as presented in Table 1 below.

Table 1: The acquiring group’s business activities in the Common Market

Description of activities	Member State where turnover is generated
Export sales of finished steel products	Egypt, Kenya, and Uganda
Export sales of chemical products	Egypt, Kenya, and Uganda
Export sales of agricultural products	Egypt
Export sales of solar panels	Kenya
Export sales of aircraft parts	Ethiopia

PHC (the “target firm”)

8. PHC is a non-trading holding company incorporated in Mauritius whose registered address is 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Republic of Mauritius.
9. The parties submitted that PHC, through its subsidiaries registered in Kenya, Tanzania, Uganda, Rwanda, Zambia, Nigeria, Ghana, Namibia and the United Arab Emirates, or collectively (the “**target group**”), operates as a distributor for international healthcare products manufacturing companies, facilitating the medical registration, sales, marketing, distribution and pharmacovigilance of pharmaceutical, consumer healthcare products, medical and diagnostic



equipment on behalf of third-party suppliers. The target group distributes pharmaceutical and medical equipment products to major hospitals, wholesalers, retail pharmacies, NGOs, and research institutions.

10. The parties submitted that the target group distributes various healthcare products ranging between 400 and 2,000 in a Member State where it is operating. Among these products, the target group distributes different categories of products, sourced from more than one hundred of the world's leading suppliers, as presented in Table 2 below.

Table 2: The target group's list of key products that are supplied into the Common Market²

Specific product types	Product category	Member State
Supplying pharmaceutical drugs covering a wide range of therapeutic areas such as gastroenterology, cardiology, infectiology, pain management, endocrinology, neurology, dermatology, gynecology, hematology, ophthalmology, anesthetics, respiratory, vaccines, pediatrics, oncology, urology, orthopedics, psychiatry etc.	Pharmaceutical Products	Kenya, Mauritius, Rwanda, Uganda and Zambia
Supplying point of care diagnostics; blood transfusion diagnostics; molecular diagnostics; diabetes test strips, contrast media, ultrasound machines, X-rays and CT scanners; and Supplying medical equipment such as Sutures, surgical implants and wound care products.	Diagnostic Equipment and medical equipment	Kenya, Rwanda, Uganda and Zambia

Jurisdiction of the Commission

11. 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*

² Information claimed as confidential by merging parties.



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”.

12. The undertakings concerned have operations in two or more Member States. The undertakings concerned held a combined annual asset value of more than the threshold of USD 50 million in the Common Market and they each held annual asset value 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 Commission 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

13. The parties submitted that the proposed transaction entails Marubeni acquiring a minority interest in PHC through the subscription for new shares to be issued to Marubeni subject to conclusion of the internal reorganisation involving PHC's parent companies, subsidiaries and certain affiliate companies across COMESA Member States to bring these under PHC which on conclusion will result to Marubeni having certain but limited indirect control over the PHC subsidiaries.

Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

14. Paragraph 7 of the Commission's 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”.***
15. The CID noted that the acquiring group is active in the export of products relating to the finished steel products, chemical products, agricultural products, solar panels and aircraft parts within the Common Market.
16. The CID noted that the target group, as a distributor for international healthcare products manufacturing companies, is active in the wholesale distribution of pharmaceutical products, medical and diagnostic equipment. The target group distributes these products to major hospitals, wholesalers, retail pharmacies, NGOs, and research institutions within the Common Market.



17. The CID observed that based on the product offering of the merging parties, the proposed transaction is not likely to raise horizontal or vertical overlaps since the merging parties do not provide similar or rival products. The CID's assessment of the product market was therefore focused on the wholesale distribution of pharmaceutical products, medical and diagnostic equipment.

The wholesale distribution of pharmaceutical products

18. Pharmaceutical products consist of one or more active ingredients intended to treat specific medical conditions. Thus, the intended therapeutic use of a product inherently limits its substitutability with other pharmaceutical products.³
19. In line with its previous decisional practice,⁴ the CID noted that pharmaceutical products can be broadly classified as pharmaceuticals for human use and pharmaceuticals for veterinary (animal) use. These categories are not interchangeable, products intended for human consumption cannot be used for animals and vice versa. The present transaction relates exclusively to the wholesale distribution of human pharmaceutical products, which is the segment in which the target group operates.
20. The CID observed that wholesale distribution of pharmaceutical products involves the distribution of medicines from manufacturers to wholesalers such as the target group. Wholesalers then supply these products to pharmacies, hospitals, clinics, and, in some cases, dispensing doctors, who, in turn, deliver such products to patients (being the end-customers). For instance, the CID noted that the target group distributes products to major hospitals, wholesalers, retail pharmacies, NGOs, and research institutions.
21. The CID noted that the wholesale supply of healthcare products is usually done by distributors who are appointed by the manufacturers and are the official distributors of the manufacturers' products in a given territory. The distribution, accordingly, takes place within a specified legal framework and under distribution agreements, which are required given the sensitive nature of the products.
22. Wholesalers do not sell directly to patients. Instead, their customers are professional buyers within the healthcare supply chain. On the other hand, retail distribution involves supplying pharmaceutical products directly to end-users (patients) through retail outlets such as pharmacies.

³ https://www.who.int/docs/default-source/medicines/norms-and-standards/guidelines/mqa-terminology-sept-2020.pdf?sfvrsn=48461cfc_5.

⁴ Decision of the 117th CID the Proposed Acquisition by CFAO Healthcare of 69.9% of the issued share capital of Africa Chemist & Beauty Care Inc., Case File No. CCC/MER/01/01/2025; Decision of the 74th CID Regarding the Proposed Acquisition of 98.7277931% of the issued share capital of Adwia Company S.A.E. by Zanzibar Pharma Limited, Case File No. CCC/MER/08/18/2020; and Decision of the 78th CID Regarding the Proposed Merger Involving Ultra Welfare Ltd and Amoun Pharmaceutical Company S.A.E., Case File No., CCC/MER/03/11/2021.



23. As noted above, the target group is active only at the wholesale level of the supply chain, distributing pharmaceutical products to entities such as wholesalers, hospitals, and pharmacies.
24. While the CID recognizes the distinctions between various segments of pharmaceutical products, particularly between products for human and animal use, for the purposes of this transaction, the relevant market is defined broadly as the **wholesale distribution of pharmaceutical products** as no competition concerns are likely to arise under any narrower market segments.

The wholesale distribution of medical and diagnostic equipment

25. The CID noted that the target group is active in the wholesale distribution of different medical devices which cover diagnostic equipment, including a range of products used for detecting, monitoring, and managing medical conditions.
26. A medical device is broadly defined as any instrument, apparatus, implement, machine, appliance, implant, in vitro reagent, software, or similar article that a manufacturer intends to be used, either alone or in combination, for medical applications purposes.⁵ These technologies serve critical roles in diagnosing illnesses, monitoring treatment outcomes, supporting individuals with disabilities, and treating both acute and chronic health conditions.
27. The CID also noted that the target group's product portfolio includes point-of-care diagnostics, blood analyzers, blood transfusion diagnostics, molecular diagnostics, diabetes test strips, contrast media, and imaging equipment such as ultrasound machines, X-rays, and CT scanners. It also distributes various surgical and wound care products, including sutures and implants.
28. The CID observed that although these medical devices have distinct functionalities, for example, laboratory analyzers serve different purposes compared to Magnetic Resonance Imaging (MRI) or ultrasound machines, the CID considered the broader medical equipment market as the relevant market, without further distinction between diagnostic and therapeutic segments. Furthermore, the parties submitted that differentiating between medical equipment and diagnostic devices is unnecessary, as there are no horizontal or vertical overlaps in their activities.
29. Notwithstanding the potential narrower market segmentations, the CID observed that the transaction will not result in any overlaps between the activities of the merging parties. In light of these considerations and in line with the CID's

⁵ https://www.who.int/health-topics/medical-devices#tab=tab_1



decisional practice,⁶ the relevant product market was identified as the market for **the wholesale distribution of medical and diagnostic equipment.**

30. Based on the foregoing assessment and without prejudice to the CID's approach in similar future cases, the relevant product markets were determined as:

- a) **the wholesale distribution of pharmaceutical products, and**
- b) **The wholesale distribution of medical and diagnostic equipment.**

Relevant Geographic Market

31. 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".

32. The geographic scope of the markets for both pharmaceuticals and medical equipment is generally broader than national boundaries, often extending beyond the Common Market. In its previous decisional practice⁷, the CID found that the relevant geographic market for the upstream supply of pharmaceutical products is likely to be wider than individual national markets.
33. The CID noted that although regulatory frameworks, such as licensing and importation requirements, vary between Member States, wholesale distributors are not generally constrained in their ability to source pharmaceutical, medical and diagnostic equipment products from multiple international jurisdictions, including those outside the Common Market. Furthermore, the leading wholesale distributors in these sectors are multinational companies with extensive global supply chains. For instance, the target group currently distributes between 400 and 2,000 healthcare-related products, all sourced from a range of international manufacturers.
34. This notwithstanding, the CID acknowledged that despite their global presence, these wholesale distributors are obligated to comply with national regulatory requirements before being licensed to operate within specific national markets.

⁶ Decision of the 95th CID Regarding the Proposed Merger involving Elgon Healthcare Limited and Westlands Heights Limited, Case File No. CCC/MER/03/07/2023.

⁷ Decision of the 107th CID Regarding the Proposed Acquisition of Control by AsterRx Holdings Over Allmed Medical Care Holdings Ltd, Case File No. CCC/MER/02/04/2024; Decision of the 78th CID Regarding the Proposed Merger Involving Ultra Welfare Ltd and Amoun Pharmaceutical Company S.A.E. Case File No., CCC/MER/03/11/2021; and Decision of the 82nd CID Regarding the Proposed Merger involving DAWAA'A Restricted Ltd and Pharma Strategy Partners GmbH Case File No. CCC/MER/12/31/2021.



However, given that the proposed transaction is not likely to raise competition concerns, the CID determined that it is not necessary to define the precise relevant geographic markets and thus has left the relevant geographic markets open.

Conclusion on Relevant Markets

35. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the CID defined the relevant market as the:
- i. **wholesale distribution of pharmaceutical products whose relevant geographic market was left open; and**
 - ii. **wholesale distribution of medical and diagnostic equipment whose relevant geographic market was left open; and**

Consideration of Substantial Lessening of Competition or "Effect" Test

Market Shares and Concentration

36. Although the CID did not definitively define the exact scope of the relevant geographic market relating to the transaction, it considered the competitive dynamics and market structure at both the national and regional as presented below.
37. The CID noted that various local and international players are active in the marketing, and wholesale distribution of pharmaceuticals, medical and diagnostic equipment in the following Member States within the Common Market where the target group operates:

Table 3: The target group and its competitors' estimate market shares the marketing, and wholesale distribution of pharmaceuticals, medical and diagnostic equipment⁸

Member State	Company Name	Estimate Market Shares (%)
Kenya	Surgipharm Limited	[5-8]
	Laborex Kenya Limited	[4-6]
	Harleys Limited	[4-6]
	Crown Healthcare Limited	[3-5]
	Target group	[3-5]
Mauritius	IBL Limited	[15-20]
	MSJ Limited (Unicorn)	[14-18]
	Pharmacie Nouvelle Limited	[8-12]
	Scott Health Limited	[6-10]
	Target group	N/A
Rwanda	Kipharma	[7-12]
	Abacus Pharma (A) Limited	[5-10]

⁸ Information claimed as confidential by merging parties.



	Sun Enterprises Limited	[5-10]
	Target group	[5-10]
	Multiphar Ubipharm Rwanda Limited	[3-5]
	Surgipharm Rwanda Limited	[3-5]
Uganda	Abacus Pharma (A) Limited	[15-20]
	Laborex Uganda Limited	[5-10]
	Astra Pharma (U) Limited	[5-10]
	Target group	[5-10]
	Surgipharm Uganda Limited	[3-8]
Zambia	Yash Pharmaceuticals Limited	[10-15]
	Sterelin Medical and Diagnostics Limited	[5-10]
	Karibu Pharmaceuticals Limited	[5-10]
	Target group	[3-5]
	Augusta Limited	[2-4]

38. Based on the estimated market shares presented above, the CID concluded that the target group currently holds an insignificant market share in the pharmaceutical, medical and diagnostic equipment wholesale distribution markets within the Member States in which it operates. The market dynamics of the relevant markets across the Common Market is highly fragmented and competitive, with the presence of numerous local and international players.
39. According to the submissions provided by the parties, the CID noted that the relevant product markets are characterised by the presence of a large number of both multinational and domestic companies. For instance, there were approximately 680 registered pharmaceutical wholesale distributors in Kenya, 175 in Rwanda, 1,026 in Uganda, and 479 in Zambia. These figures highlight the intensity of competition and the absence of market concentration within these countries.
40. Furthermore, the CID noted that the proposed transaction was unlikely to result in any significant change to the existing market structure for the wholesale distribution of pharmaceuticals, medical and diagnostic equipment. The CID reached this conclusion based on the fact that there are no overlapping activities between the merging parties. Accordingly, the target group's negligible market share and the competitive nature of the relevant markets suggests that the proposed transaction will not have any effect on market dynamics or competition within the Common Market.
41. Likewise, the CID noted the parties' submissions that some multinational distributors work exclusively with local manufacturers while others collaborate with foreign manufacturers and some increase their competitive edge by engaging with both. CID further noted the party's submissions to the effect that in an effort to expand their market presence and increase turnover, several distributors in the Common Market have, over time, moved beyond their traditional roles of storage and logistics. They have ventured into importation and the provision of contracted



sales and marketing services. The CID considered that there were no horizontal overlaps between the parties' activities, nor any vertical relationships between the parties as such the proposed transaction would not result in any market share accretion.

42. The CID noted that the market was competitive, characterised by the presence of numerous local and multinational players. Further, the competitive landscape in the Common Market or beyond was unlikely to change following the proposed transaction and the merged entity would continue to face competition from numerous existing multinational and local players and potential new entrants. The CID concluded that the proposed transaction was unlikely to negatively affect competition in the relevant markets.

Consideration of Third-Party Views

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

Determination

44. 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.
45. The CID, therefore, approved the transaction.
46. 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

