



COMESA Competition Commission Common Market for Eastern
Kang'ombe House, 5th Floor - West Wing and Southern Africa
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 (0) 1 772466
Email: compcom@comesa.int

Case File No. CCC/MER/06/23/2019

**Decision¹ of the Sixty-Third (63rd) Committee Responsible for
Initial Determination Regarding the Joint Venture involving
CFAO and Compagnie Financière Michelin SCmA**

ECONOMIC SECTOR: Automotives

8th October 2019

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

Three handwritten signatures in black ink. The first signature on the left is a stylized, angular mark. The middle signature is a more fluid, cursive script. The third signature on the right is a simple, handwritten "n 2e".

Information and Relevant Background

1. On 11th July 2019, the COMESA Competition Commission (hereinafter referred to as the “**Commission**”) received a notification for approval of a joint venture involving CFAO and CompagnieFinanciere Michelin SCmA (“**Michelin**”).
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

Michelin

4. It was submitted that Michelin is a Switzerland incorporated firm. It is a wholly owned subsidiary of CompagnieGenerale des Etablissements Michelin. Michelin Group’s primary business activity is tyre manufacturing. Michelin does not have directpresence in the Common Market. However, through arrangements with non-exclusive importers, its brand of tyres is exported by Transityre B.V. (indirectly owned by CGEM and part of the CGEM Group) to the following Member States: Burundi, Comoros, the Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia, and Zimbabwe.

CFAO

5. It was submitted that CFAO is a French simplified joint-stock company. It is a multinational company engaged in the sale of manufactured goods, especially automobiles and pharmaceutical products and carries out its business mainly in Africa. CFAO is a wholly owned subsidiary of Toyota Tsusho Corporation (“TTC”), a company existing under the laws of Japan.
6. CFAO derives turnover in the following Member States: the Democratic Republic of Congo, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Uganda, Zambia, and Zimbabwe.

Nature of the Transaction

7. The parties have submitted that the notified transaction involves the creation of a joint venture between CFAO and Michelin, as a result of which Tyre Distribution Africa Limited (“TDAL” or the “JV Company”) was incorporated in Kenya. It was



u6

submitted that the JV Company was formed for the purpose of distribution and retailing of multi-brand tyres, tyre-related accessories and providing tyre-related services in Kenya and Uganda.

Competition Analysis

8. The CID defined the relevant markets as follows:
- a) supply of OEM tyres: for passenger cars, light truck and buses, earth moving vehicles, agricultural vehicles, and two-wheelers at global level;
 - b) supply of replacement tyres: for passenger cars, light truck and buses, earth moving vehicles, agricultural vehicles, and two-wheelers at national level, in Kenya and Uganda; and
 - c) retail distribution: of passenger cars, light truck and buses, earth moving vehicles, agricultural vehicles, and two-wheelers, at national level, in Kenya and Uganda.
9. The CID observed that the transaction is not likely to raise significant competition concerns in the relevant markets due to absence of market share accretion. The CID observed that the markets for retail distribution of vehicles and retail sale of tyres were characterised by the presence of numerous competitors, and it was unlikely that the merger would enable the parties to behave to an appreciable extent independently from their competitors, suppliers or customers.

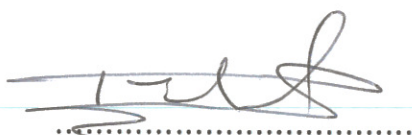
Determination

10. The CID determined that the merger is 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 is unlikely to negatively affect trade between Member States. The CID therefore approved the transaction.
11. This decision is adopted in accordance with Article 26 of the Regulations.

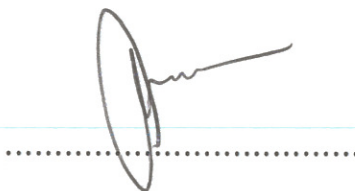
Dated this 8th of October, 2019



Commissioner Patrick Okilangole (Chairperson)



Commissioner Michael TekluBeyene



Commissioner IslamTagelsir Ahmed Alhasan