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Common Market for Eastern  
and Southern Africa

**Case File No. CCC/MER/03/21/2022**

**Decision<sup>1</sup> of the Eighty-Fifth (85<sup>th</sup>) Committee Responsible  
for Initial Determinations Regarding the Proposed Merger  
Involving CEVA Logistics Headoffice B.V. and Trans East  
Africa AG**

**ECONOMIC SECTOR:** Freight Forwarding

**2 August 2022**

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A large, bold handwritten signature in black ink, consisting of several thick, sweeping strokes.

A handwritten signature in black ink, consisting of a few simple, connected strokes.

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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

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;

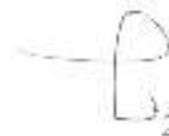

Desirability of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States' economies through the attainment of full market integration;

Having regard to the COMESA Merger Assessment Guidelines of 2014;

determines as follows:

### **Introduction and Relevant Background**

1. On 4 May 2022, the COMESA Competition Commission (the "**Commission**") received a notification involving CEVA Logistics Headoffice B.V. ("**CEVA**") as the acquirer and Trans East Africa AG ("**TEA**") as the target undertaking, 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

### ***CEVA (the acquiring undertaking)***

4. CEVA is a global freight-forwarding and logistics company, which has its principal place of business at Siriusdreef 20, 213WT Hoofddorp, the Netherlands. CEVA is ultimately controlled by CMA CGM S.A., a worldwide maritime transport and logistics group. CEVA, together with (i) all firms controlling (whether directly or indirectly) CEVA, (ii) all firms controlled by the firms controlling CEVA (whether directly or indirectly); and (iii) all firms controlled (whether directly or indirectly) by CEVA are collectively referred to as the CEVA Group.
5. Globally, the CEVA Group provides transportation and logistics services in terms of which it offers supply chain management, freight-forwarding (including air, sea and road, which services include customs brokerage and other value-added services) and contract logistics services (including warehousing services, inbound logistics and manufacturing support) to various sectors, including automotive, consumer and retail, energy, healthcare, industrial, aerospace and technology.
6. In the Common Market, the CEVA Group provides freight-forwarding services through third party agents and via its subsidiary AMI Worldwide Limited. It has operations in all the Member States except, Comoros, Eritrea and Eswatini.

### ***TEA (the target undertaking)***

7. TEA is the holding company of Spedag Kibo Holding AG's East Africa business operations and is incorporated in terms of the laws of Switzerland, which has its principal place of business at Kriegackerstrasse 91, 4132 Muttenz, Switzerland.
8. In the Common Market, TEA is active in the provision of freight-forwarding services (air, sea, and road) and contract logistics (project logistics and logistics services) and has operations in Kenya, Rwanda, and Uganda, as presented in Table 1 below:

**Table 1 – Activities of TEA in the Common Market**

<b>Member State</b>	<b>Name of Entity</b>	<b>Description of Activity</b>
Kenya	Spedag Interfreight Kenya Limited	It provides customs clearance, warehousing and storage, overland transport services, project logistics, airfreight and sea freight.
	White Nile Supply Base Limited	It provides logistic services mainly, but not limited to, Oil and Gas as well as Aid and Relief customers to South Sudan. It serves as the interface between the waterway White Nile, ground transportation by truck as well as the storage and distribution of goods.

Member State	Name of Entity	Description of Activity
Rwanda	Spedag Interfreight Rwanda Limited	It provides customs clearance, overland transport services, project logistics and airfreight.
Uganda	Spedag Interfreight Uganda Limited	It provides customs clearance, warehousing and storage, overland transport services, project logistics, and airfreight.

### 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 COM\$ 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 COM\$ 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 merging parties have operations in more than two COMESA Member States. The parties' combined annual turnover in the Common Market exceeds the threshold of USD 50 million and they each derived turnover of more than USD 10 million in the Common Market. In addition, the merging parties do not achieve more than two-thirds of their respective COMESA-wide turnover within one and the same Member State. The notified transaction is therefore notifiable to the Commission within the meaning of Article 23(5)(a) of the Regulations.

### Details of the Merger

11. The notified transaction concerns the acquisition by CEVA of 100% of the entire issued share capital of TEA, and hence, through the notified transaction, CEVA will acquire sole control of TEA.





## Competition Assessment

### Relevant Product Markets

#### Contract Logistics and Freight Forwarding

12. The CID has previously identified separate markets for contract logistics services and freight forwarding services<sup>2</sup> noting that "contract logistics services are comprehensive and are offered across the production through to distribution value chain and do not simply entail the moving of goods" while "freight forwarders do not own any part of the network they use, but they normally hire transportation capacity from third parties for the transportation of shipments...contract logistics move goods through the production line, warehousing, distribution plan, inventory management and final distribution".
13. Freight forwarders work as a link between companies that pick-up goods, ship them via air, sea or rail and deliver them to the final destination. They offer different forms of shipping, such as ocean freight, rail freight, road transport, and air freight shipment, even though they do not carry out the shipments directly.<sup>3</sup> Freight forwarders are not involved in the customers' supply chain as is the case in contract logistics and customers rarely enter into long term contractual arrangements with freight forwarders but procure services by placing orders on a case-by-case basis. Contract logistics is characterised by management of goods for customers as opposed to freight forwarding. The former covers the provision of warehousing and management of the flow of goods for customers as its focal point<sup>4</sup>.
14. In view of the above, and in line with its past decisional practice, the CID identified distinct product markets for contract logistics and freight forwarding services.
15. The CID has previously<sup>5</sup> noted that narrower markets could potentially exist within both contract logistics and freight forwarding markets. In relation to contract logistics, the CID noted that the market could be segmented by the type of good handled or the industry serviced (such as Automotive, Consumer, and Pharma Healthcare). In relation to the freight forwarding market, the CID noted that the market could be segmented by type of operations (domestic and international freight forwarding) or according to the means of transportation (air, land, and sea).

<sup>2</sup> Decision of the Eighty-First (81<sup>st</sup>) Committee Responsible for Initial Determinations Regarding the Merger between DP World Logistics FZE and Imperial Logistics Limited, paras. 20-21, dated 20<sup>th</sup> February 2022.

<sup>3</sup> <https://www.heldoes.com/ethiopia-freight-forwarder> accessed on 14 June 2022.

<sup>4</sup> See Case M.9221 - CMA OGM / CEVA, para 18, dated 06/02/2019.

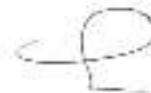
<sup>5</sup> Decisions of the Eighty-First (81<sup>st</sup>) Committee Responsible for Initial Determinations Regarding the Merger between DP World Logistics FZE and Imperial Logistics Limited, paragraph 23, dated 20<sup>th</sup> February 2022.



16. However, for the purposes of this transaction, the CID considered that the markets can be left open as the proposed merger does not give rise to any competition concerns under any alternative market definition as discussed further below.
17. In view of the foregoing, the CID considered the relevant product markets to be **the provision of contract logistics services and the provision of freight forwarding services.**

***Relevant Geographic Market***

18. In line with its previous decisional practice<sup>6</sup>, the CID considers that the geographic markets for contract logistics and freight forwarding are likely to be at least COMESA-wide, noting that the majority of contract logistics providers and freight forwarders are cross border or global players. Though customers may tend to prefer providers from their home country, the presence of cross border or global players registered locally or having local agents gives customers varying options of providers that can facilitate movement of their goods within the Common Market and beyond. Customers will consider factors such as price, the quality of the service provided, capacity, and the reliability of providers, brand or providers in-depth knowledge of and track record in the service.
19. The CID noted that the acquiring group is not active in the provision of contract logistics services in the Common Market. Accordingly, the CID has not considered the market for contract logistics services in its competitive analysis as there will be no adverse impact on competition or trade in this market within the Common Market as a result of the transaction. The CID considered that whilst these services may be complementary, there exists a sufficiently large number of players in both markets such that it is unlikely that a firm would be able to successfully leverage its position in either market to negatively influence conditions of competition in the other market. In particular, in relation to the merged entity, the merging parties do not have significant market power in the market for freight forwarding services to negatively affect the market for contract logistics in the Common Market where only the target was present pre-merger.
20. In view of the foregoing, and without prejudice to the CID's approach in similar future cases, the CID has identified the relevant market as **the provision of freight forwarding services within the Common Market.**



<sup>6</sup> Decisions of the Eighty-First (81<sup>st</sup>) Committee Responsible for Initial Determinations Regarding the Merger between DP World Logistics FZE and Imperial Logistics Limited, para 26, date 20<sup>th</sup> February 2022.



**Market Shares and Concentration**

21. The parties submitted their market shares and those of their top competitors in the market for freight forwarding services at national level, in each of Kenya, Rwanda, and Uganda, as per Table 2 below<sup>7</sup>.

**Table 2: Estimated Market Share Ranges for Providers of Freight Forwarding Services**

Member State	Name of Provider	Estimated Market Share Ranges (%)
Kenya	Bollere Africa Logistics	15-20
	Kuehne & Nagel	10-15
	DHL Global Forwarding	10-15
	DB Schenker	5-10
	Agility Logistics (DSV)	5-10
	<b>TEA Group</b>	<b>5-10</b>
	Acceller Logistics	0-5
	Maerskline Logistics	0-5
	Signon Aviation	0-5
	<b>CEVA Group</b>	<b>0-5</b>
	Others	15-20
	<b>Total</b>	<b>100</b>
Rwanda	Bollere Africa Logistics	30-35
	<b>CEVA Group</b>	<b>10-15</b>
	<b>TEA Group</b>	<b>10-15</b>
	DP World	5-10
	Fracht	5-10
	Others	10-15
	<b>Total</b>	<b>100</b>
Uganda	Bollere Africa Logistics	25-30
	Unifreight Cargo Handling Limited	5-10
	Rapid Kate Services (U) Ltd	0-5
	Classic Clearing and Forwarding Co.	0-5
	Parth International Limited	0-5
	<b>TEA Group</b>	<b>0-5</b>
	Atlas Cargo Systems Limited	0-5
	Multiple Forwarders (U) Limited	0-5
	<b>CEVA Group</b>	<b>0-5</b>
	Others	40-45
	<b>Total</b>	<b>100</b>

<sup>7</sup> The parties have submitted that the market shares provided are based on a combination of actual data for the merging parties (where available) and best estimates of the management of the merging parties based on their knowledge of and experience in the relevant industry.

22. The CID noted that the freight forwarding market in Kenya and Uganda is competitive and the market share accretion resulted from the proposed merger will be insignificant, while in Rwanda, the transaction is capable of leading to significant market share accretion. However, given that the relevant market was construed as the Common Market, the merging parties would face competition from a wider net of existing and new competitors. Major global players in the freight forwarding market includes Agility; DHL International GmbH.; DSV; Expeditors International of Washington, Inc.; DB Schenker; Kuehne + Nagel; Bolloré Logistics; Panalpina World Transport (Holding) Ltd.; Sinotrans India Private Limited; C.H. Robinson Worldwide, Inc.; Nippon Express; Dachser; CJ Logistics Corporation; and Hellmann Worldwide Logistics and GEODIS.
23. Having regard to the foregoing, the CID was therefore satisfied that the transaction would not lead to a material change in the market structure for freight forwarding services within the Common Market.

### **Third-Party Views**

24. Submissions were received from the national competition authorities of DRC, Egypt, Ethiopia, Kenya, Malawi, Mauritius, Seychelles, and Zambia which did not raise any concerns as a result of the transaction. This is consistent with the CID's assessment as presented above.

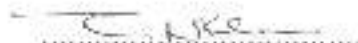
### **Determination**

25. Based on the foregoing reasons, 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 be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.
26. The CID, therefore, approved this transaction. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 2<sup>nd</sup> day of August 2022



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**Commissioner Brian Muletambo Lingela (Chairperson)**



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**Commissioner Lloyds Vincent Nkhoma**



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**Commissioner Islam Tagelsir Ahmed Alhasan**