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Common Market for Eastern  
and Southern Africa

**Staff Paper No. 2016/06/JB/04**

**Decision<sup>1</sup> of the Twenty Second Meeting of the Committee Responsible  
for Initial Determination Regarding the Proposed Merger between EQT  
Services (UK) Limited and Kuoni Travel Holding Limited**

**ECONOMIC SECTOR: Travel and Tourism**

**23<sup>rd</sup> June 2016 – Johannesburg, South Africa**

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

## Information and Relevant Background

1. This decision concerns a merger between EQT Services (UK) Limited (hereinafter referred to as "EQT") and Kuoni Travel Holdings Limited (hereinafter referred to as "Kuoni").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed 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 (hereinafter referred to as "the CID") noted that the Commission has jurisdiction on mergers primarily with a regional dimension. This therefore means that mergers that do not meet the regional dimension requirement should be assessed by the Member States concerned. Article 23(3)(a) establishes the regional dimension requirement when it provides that:

***"This Article shall apply where both the acquiring firm and the target firm or either the acquiring firm or target firm operate in two or more Member States".***

4. Further, Article 3(2) provides that the Regulations are only applicable to mergers that have an appreciable effect on trade between Member States and that restrict competition in the Common Market. This means that a merger only has a regional dimension if more than one Member State is affected.
5. In the case under consideration, the parties have operations in the following Member States:
  - Djibouti
  - Egypt
  - Ethiopia
  - Kenya
  - Libya
  - Mauritius
  - Seychelles
  - Sudan
  - Uganda
  - Zambia
  - Zimbabwe
6. The above list of Member States shows that the parties have operations in more than two Member States thereby satisfying the Regional Dimension requirement under Article 23(3)(a) of the Regulations. Further, transactions that are likely to have an appreciable effect on trade are those that satisfy the merger notification thresholds prescribed under Rule 4 of the COMESA Competition Rules on the Determination of Merger Notification Thresholds and Method of Calculation which stipulate 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\$<sup>2</sup> 50million; 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 more than two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State”.***

7. In the case under consideration, the parties have a combined turnover of more than COM\$ 50 Million and each has a turnover of more than COM\$ 10 million in the Common Market. This therefore that the Commission has the jurisdiction to review the merger.

#### **The Parties**

##### **EQT**

8. EQT is a limited liability company incorporated in accordance with the Laws of the United Kingdom and is controlled by EQT Holdings AB, a company incorporated in accordance with the Laws of Sweden. Both EQT Services and EQT Holdings AB are controlled by EQT International Holding BV, a company incorporated in accordance with the Laws of Netherlands. EQT is an investment financing company.

##### **Kuoni**

9. Kuoni, is a joint-stock holding company incorporated under Swiss Law and listed on the Swiss Stock Exchange with its shares widely held. The Kuoni Group is a service provider to the global travel industry and governments with a focus on three core activities namely; Global Travel Distribution, Global Travel Services and VFS Global visa services.

#### **Nature of the Transaction**

10. EQT and Kuoni have entered into an agreement in terms of which EQT intends to acquire sole control of Kuoni.

#### **Competition Analysis**

11. The CID defined the relevant market as the provision of travel and accommodation and visa outsourcing services.

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<sup>2</sup> One COM\$ is equivalent to one US\$

12. The CID established that the markets are highly fragmented and several players will remain in the market post-merger. Further, the CID observed that the parties' products were not overlapping pre-merger and therefore the structure of the markets shall remain unaltered post-merger. In addition, the CID established that the merged entity is not likely to be dominant post-merger.

#### Determination

13. The CID determined that the merger does not substantially prevent or lessen Competition in the Common Market and is compatible with the Treaty Establishing the Common Market for Eastern and Southern Africa. The CID therefore decided to approve the transaction.
14. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 23<sup>rd</sup> day of June, 2016.

  
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Commissioner Thabisile Langa (Chairperson)

  
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Commissioner Patrick Okilangole (Member)  
(Member)

  
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Commissioner Chilufya Sampa