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**Common Market for Eastern
and Southern Africa**

CASE FILE No. CCC/MER/6/20/2014

**Decision¹ of the Twelfth Meeting of the Committee of Initial
Determination Regarding the Proposed Merger between Holcim Limited
and Lafarge S.A**

ECONOMIC SECTOR: Construction

18th November 2014 – Johannesburg, South Africa

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 8th July 2014, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger (the "transaction") between Holcim Limited (hereinafter referred to as "Holcim") and Lafarge S.A. (hereinafter referred to as "Lafarge").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (the "Regulations"). Under this provision 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 pursuant to Article 26 of the Regulations.
3. The Committee of Initial Determination hereinafter referred to as (the "CID") noted that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) are satisfied and asserts jurisdiction of the Commission to assess the transaction. The parties to the transaction are currently active in the following COMESA Member States:
 - Djibouti
 - Egypt
 - Eritrea
 - Libya
 - Kenya
 - Madagascar
 - Mauritius
 - Rwanda
 - Seychelles
 - Uganda
 - Zambia
 - Zimbabwe

The Parties

Lafarge

4. The target firm Lafarge is a limited liability company incorporated in France with a listing on the Euronext Paris Stock Exchange. The Lafarge Group is a global producer of cement, aggregates and concrete. Lafarge was founded in 1833 and the Group is currently active in over 62 countries worldwide. Lafarge is a world leader in building materials and in the cement market. It is the second largest producer of aggregates and the fourth largest producer of ready-mix concrete.

Holcim

5. Holcim is a joint stock company established under Swiss law. It is listed on the SIX Swiss Exchange. The Holcim Group's core businesses include the manufacture and distribution of cement and the production, processing and distribution of aggregates (crushed stone, gravel and sand), ready mix concrete and asphalt.

Nature of the Transaction

6. In terms of the proposed merger, Holcim will offer its new shares to the shareholders of Lafarge in a public exchange offer governed by French law. The public exchange offer will be initiated by Holcim with an exchange ratio of one (1) Holcim share for one (1) Lafarge share. This public exchange offer is subject to the approval of a Holcim Extraordinary General Meeting to issue the new Holcim shares which requires a two-third majority of shareholders in attendance. The public offer will be subject to Holcim holding at least two-thirds of the share capital and voting rights of Lafarge on a fully diluted basis.

Competition Analysis

7. The CID established that the transaction would not frustrate the single market objective of the Treaty in that it does not have an appreciable effect on trade between Member States.

Determination

8. The CID noted that the Competition Commission of Mauritius had requested for a referral from the Commission under Article 24(8) of the Regulations which states that:

“A member State having attained knowledge of a merger notification submitted to the Commission may request the Commission to refer the merger for consideration under the Member State’s national competition law if the Member State is satisfied that the merger, if carried out, is likely to disproportionately reduce competition to a material extent in the Member State or any part of the Member State”.

In this regard the CID endorsed the decision of the Secretariat to refer part of the transaction relating to the Mauritian market to the Competition Commission of Mauritius.

9. The CID determined that the merger does not raise competition concerns and is compatible with the Treaty Establishing the Common Market. The CID therefore approves the transaction in the Common Market except for Mauritius.
10. Whereas the CID approves the transaction, it expressed concerns regarding the structure of the cement market in Madagascar.
11. This decision is adopted in application of Article 26 of the COMESA Competition Regulations.

Dated this 18th day of November, 2014.


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Commissioner Alexander J. Kububa (Chairman)


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Commissioner Thabisile Langa (Member)


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Commissioner Rajeev Hasnah (Member)