



COMESA Competition Commission
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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/9014/2013

**Decision¹ of the Committee of Initial Determination on the
Notification of Acquisition of Eurasian Natural Resources
Corporation by Eurasian Resource Group B.V.**

Economic Sector: Mining and Transport

December 2013

¹¹ 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 11th September, 2013, the COMESA Competition Commission (‘the Commission’) received an application from Edward Nathan Sonnebergs (ENS) of 150 West Street, Sandown, Sandton, Johannesburg 2196 on behalf of the merging parties, being Eurasian Resources Group B.V (Primary Acquiring Firm) and Eurasian Natural Resources Corporation PLC (Primary Target Firm) respectively hereinafter called the parties.
2. The transaction in respect of which approval of the Commission was sought is the acquisition of 100% of the issued and to be issued share capital of the Eurasian Natural Resources Corporation PLC by Eurasian Resources Group B.V
3. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (‘the Regulations’). The primary concern of the Commission with regard to transactions of this nature is 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.
4. The Committee of Initial Determination (the CID) observed that the target firm, ENRC, operates in two or more COMESA Member States as provided for by Article 23(3) of the Regulations although the acquiring firm does not have prior operations in the Common Market. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) are satisfied and ultimately asserts jurisdiction of the Commission to assess the transaction.

The Parties

Eurasian Resources Group B.V

5. The acquiring firm, Eurasian Resources Group B.V (Bidco), is a newly incorporated acquisition vehicle that is 100% controlled by Eurasian Resources Group of 22 Avenue Marie Therese, L-2132 Luxembourg.

Eurasian Natural Resources Corporation PLC

6. The target firm, Eurasian Natural Resources Corporation (ENRC), is a diversified natural resources group with integrated mining, processing, and energy logistical and marketing operations around the world. The group, whose main base of activities is Kazakhstan, also operates in China, Russia, Brazil, USA and Africa.
7. In the Common Market, the company is involved primarily in the mining and processing of non-ferrous metals primarily. The group is specifically involved in the production of cobalt concentrates, cobalt metal and copper in the Democratic Republic of Congo (DRC) and Zambia. The group is also developing an underground platinum mining project in Zimbabwe through Todal Mining (Pvt) Ltd in which the group owns a 60

percent stake. The group is also involved in the provision of road transportation (haulage /mining) services in the DRC and Zambia and to a lesser extent in Malawi and Zimbabwe through the Sobot Group of companies wholly owned by the ENRC group

Competition Analysis

8. The CID observed that the relevant product markets are markets for the production of cobalt metal; production of cobalt concentrates; production of refined copper; production of copper alloys (unwrought); and provision of road transport (haulage) services
9. The CID noted that the proposed transaction will not raise significant competition concerns in the Common Market considering that the acquiring firm does not have prior operations in the Common Market hence the transaction will have no effect on the market structure of the relevant Markets. The CID further noted that given ENRC's low market shares in the Common Market, the transaction is not likely to prevent, restrict or distort competition within the Common Market.

Determination

10. For the above reasons, the CID has determined that the acquisition of ENRC by Bidco is not likely to substantially prevent or lessen competition and it will not be contrary to public interest. The CID has further determined that the transaction does not negate the objectives of Article 3 of the Treaty; hence it does not conflict with the single market objective.
11. This decision is adopted in application of Article 26 of the Regulations

Dated this 18th day of December 2013.

For the Commission

(signed)

George K. Lipimile