COMESA Competition Commission
COMESA Competition Commission
Kang'ombe House, 5th Floor
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 111 772 466/529/530
Email- compcom@comesacompetition.org

Common Market for Eastern and Southern Africa

Case File No. CCC/MER/02/12/2025

Decision[1] of the 118th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of Sole Control of Cimenterie De Lukala SA by WIH Cement Developing Co., Ltd

ECONOMIC SECTOR: Construction

22 June 2025

COMESA COMPETITION COMMISSION
22 JUN 2025

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

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;

Having regard to the COMESA Merger Assessment Guidelines of 2014;

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;

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

Determines as follows:

Introduction and Relevant Background

1. On 20 March 2025, the COMESA Competition Commission (the "**Commission**") received a notification of a merger regarding the proposed acquisition of sole control by WIH Cement Developing Co., Ltd ("**WCD**") of Cimenterie De Lukala SA ("**CILU**"), 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

WCD (the "Acquiring Firm")

4. WCD is a holding company incorporated under the laws of Mauritius. WCD has no other activities other than acting as an investment vehicle.

5. WCD is a wholly-owned subsidiary of West China Cement Limited ("**WCC**"). WCC is a limited liability company incorporated in Jersey, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

6. In the Common Market, the acquiring group operates in Burundi, the Democratic Republic of Congo ("**DRC**"), Eswatini, Ethiopia, Kenya, Madagascar, Rwanda and Zambia.

7. The parties submitted that WCC is active in various Member States and produces and supplies grey cement through its various subsidiaries. The parties further submitted that in DRC, WCC supplies grey cement to only the Eastern part of the Country.

CILU (the "Target Firm")

8. CILU is a limited liability company incorporated in the DRC. In the Common Market, CILU operates in only DRC and its activities are as follows:

   i. production and supply of cement;

   ii. production and supply of limestone; and

   iii. quarrying of limestone and lime works.

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 USD 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 USD 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 undertakings concerned have operations in two or more Member States. The undertakings concerned derived a turnover of more than the threshold of USD 50 million in the Common Market and they each derived a turnover of more than USD 10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate turnover or asset value in one and the same Member State. The CID was thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

11. The notified transaction concerns the proposed acquisition by WCD of the shares currently held in CILU by HM and International Finance Corporation, such that post transaction, WCD will hold 98.77% shares in CILU.

Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

12. Paragraph 7 of the COMESA Guidelines on Market Definition states that a *"**relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products' characteristics, their prices and their intended use**".*

13. The CID noted that an overlap exists in the activities of the merging parties with respect to the manufacture and supply of cement in the Common Market. In line with Paragraph 8.4 of the COMESA Merger Assessment Guidelines and given that the transaction is a horizontal merger, the CID focused its assessment on the overlap between the parties' activities.

14. The CID noted that cement is a key input in the construction sector.[2] Cement is a fine powder which hardens when in contact with water and is used to bind other construction materials. Cement is manufactured by crushing and heating limestone with clay or shale, resulting in a fine powder. The production process involves a controlled chemical combination of calcium, silicon, aluminium, iron, and other elements, forming cement clinker and grinding the clinker with gypsum to produce the final product.

[2] Decision of the 110th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of joint control of Cementis Madagascar by Gamma Civic Ltd and WH Investments Pte. Ltd

15. The CID has previously considered that cement can be supplied in two forms, namely white cement and grey cement. The main difference between the two types of cement is the quality of limestone used in the production process.[3] The limestone used to produce white cement is of a higher grade. White cement is manufactured by using raw materials which are free from iron and oxide. White cement has lime and clay in a higher proportion and is more expensive than ordinary Portland cement. In terms of usage, the CID noted that white cement is mostly used for architectural beauty, interior, and exterior decorations, floorings, ornamental concrete products, whereas the grey cement is mostly used for construction purposes such as in construction of bridges, buildings and others. The CID also considered that the pricing of white and grey cement differs with white cement being comparatively more expensive. The CID hence concluded that there exist distinct markets for white and grey cement.

16. The CID noted that both parties are only involved in the supply of grey cement, hence the focus in its assessment was limited to grey cement.

17. The CID further noted that grey cement is available in different classes and grades. The classes and grades of grey cement are defined by strength development and setting times, which is in turn determined by the proportions and nature of the different raw cementitious components used to make the particular cement type.[4] The CID noted that the EU standard EN 197-1 defines five classes of common cementin which Portland cement comprises the main constituent as shown in the table below.

Table 1: Classes of common cement[5]

Class	Type	Characteristics
CEM I	Portland cement	Comprising Portland cement and up to 5% of minor additional constituents
CEM II	Portland-composite cement	Portland cement and up to 35% of other single constituents
CEM III	Blast furnace cement	Portland cement and higher percentages of blast furnace slag
CEM IV	Pozzolanic cement	Portland cement and up to 55% of pozzolanic constituents (volcanic ash)
CEM V	Composite cement	Portland cement, blast furnace slag or fly ash and pozzolana

18. The CID further noted that cement can also be categorised by strengths. Cement strength is determined by the varied tests done on the mortar and concrete cubes at specified intervals of 2 days, 7 days, and 28 days of hardening. There are three main strength classes for cement: 32.5, 42.5 and 52.5 followed by an R or N. The

[3] *Ibid*
[4] *Ibid*
[5] *Ibid*

COMESA COMPETITION COMMISSION
22 JUN 2025

R refers to rapid or early strength development and the N to normal or standard strength development. While 32.5 is the low strength, 42.5 is the middle strength, and 52.5 is the highest strength as highlighted in the table below.[6]

Table 2: Categories of cement according to strength and use

Category	Uses
22.5	Masonry cement designed specifically for mortar and plaster applications
32.5	Typically used for applications where a high initial strength is not needed, at average ambient temperatures (10 – 15°C) and with constructions of standard thicknesses
42.5	Used when a higher initial strength is needed during the curing phase; mainly to support the weight of a heavy structure. Used for heavy structures like dams, high rise buildings, bridges. Also used in buildings that require the compressive strength of concrete at 28 days exceed 30 N/mm^2, while also being suitable for use in lower temperatures.
52.5	Used for structures where a higher initial compressive strength is required. e.g. for the rapid stripping of prefabricated elements.
62.5	Used for the preparation of fast-hardening and early-strength dry-mix mortar; sand prevention dike in marine engineering; winter construction works; production of cement products and concrete precast parts; shrinkage-compensating concrete and impermeability engineering

19. The CID noted that these different strengths of cement can be further segmented into either R or N type cement, with R type cement having a rapid or early strength development and the N type cement having a normal or standard strength development. Further, the R and N type cement of the same class will develop the same ultimate strength.

20. The CID observed that cement is largely a homogenous product in the sense that the production process is similar across all producers in the industry.[7] The homogenous composition results from the quality-assured production and material-handling processes. Therefore, the production and supply of cement may broadly be considered as a single relevant market. However, the CID was of the view that segmenting the broad market is possible according to the different strengths and applications of cement.[8] The CID also observed that most cement manufacturers produce all the various grades of cement. The CID further observed that the primary distinction among various grades of cement lies in their properties, applications, and constituent materials utilized in their production. Cement is thus categorized based on the strength it attains and its setting times, characteristics that are indicative of its grade or classification, and its intended application. For

[6] *Ibid*
[7] https://unctad.org/system/files/non-official-document/CCPB_RPP2014_Study_Cement_ACF_en.pdf, accessed on 12 May 2025
[8] https://www.structuralguide.com/classification-of-cement/

example, the CID noted that rapid-setting cement is preferred in rapid-paced construction projects due to its early strength development.

21. The CID noted that WCD produces and supplies cement of the following strength in the Common Market: 32.5N and 42.5N. The CID further noted that CILU produces and supplies cement of the following strength in the Common Market: 32.5R and 42.5R.

22. Based on its previous decisional practice, the CID considered that from a supply perspective, substitution in the production and supply of the various classes/grades is likely to be possible due to the flexibility inherent in manufacturing processes.[9] The CID observed that producers are likely transition between different cement classes/grades, without incurring significant costs since the same production technologies and machinery will be used to allow producers manufacture the various types of cement. The CID observed the existence of a significant degree of supply-side substitutability among different classes or grades of cement which suggesting that cement producers would be capable of transitioning to the production of alternative cement grades without incurring substantial costs.

23. The CID observed that from a demand side, consumer behaviour in the cement market may be influenced by various factors. Consumers, particularly individual or retail customers, may prioritize price over technical differences or cement grades when making purchasing decisions.[10] This inclination towards price sensitivity is mainly evident in smaller construction activities or home improvement tasks. However, in cases where projects entail specific technical requirements or demand adherence to stringent quality standards, consumers may exhibit a willingness to invest in higher-grade cement, even at a premium price. Moreover, in commercial or industrial settings characterized by more rigorous construction specifications, while price remains a consideration, it typically does not serve as the sole determining factor in the purchasing decision.

24. The CID has in its previous decisions considered a mixed approach of either defining the production and supply of cement broadly or segmenting according to the various grades supplied by the merging parties.[11]

25. The CID considered that the manufacturing and supply of grey cement comprises a separate market and that it is justified to leave this market broad since any alternative narrower market definition will not change the competitive assessment.

---

[9] Decision of the 110th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of joint control of Cementis Madagascar by Gamma Civic Ltd and WH Investments Pte. Ltd

[10] Decision of the 113th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Merger Involving Sinoma Cement Co. Ltd, Granulats Jbel Oust S.A and Société Les Ciments De Jbel Oust S.A

[11] See Case File No. CCC/MER/8/35/2022, Barak Asset Recovery Limited and Seruji Limited; Case File CCC/MER/01/03/2024, National Cement Holding Limited and Cimerwa Plc

26. Based on the foregoing, the CID concluded that the relevant product market was **the market for the manufacture and supply of grey cement**.

Relevant Geographic Market

27. The COMESA Guidelines on Market Definition define the relevant geographic market as comprising *"...**the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous, and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas**".*[12]

28. The CID noted that the geographic scope for the production and supply of different grades of cement is generally limited by high transportation costs due to the heavy weight of cement. Transporting cement over long distances often proves economically unviable because of the substantial expenses involved. However, advancements in technology and infrastructure have expanded the effective transport range, enabling producers to access more distant markets more efficiently and cost-effectively.[13] For instance, bulk cement carriers equipped with advanced logistics and transportation systems have significantly extended the competitive transport range. These innovations facilitate the shipment of larger quantities in a single load, reducing per-unit costs and making it feasible to serve previously inaccessible markets.

29. The CID has previously found that the geographic scope for the production and supply of cement is primarily prominent between Member States with shared borders, as proximity plays a crucial role in facilitating trade in cement.[14] In the current context, the CID noted the presence of geographic overlap since operations of both merging parties were in the DRC. The CID also noted that the Member States bordering DRC include Uganda, Rwanda, Burundi and Zambia.

30. The CID has previously considered that there are significant trade flows of cement across certain Member States in the Common Market[15], such as across the borders of Kenya-Uganda, Malawi-Zambia, and Rwanda-Uganda, given the relatively close geographic proximity of these countries and the fact that cross-border trade of cement benefits from tax exemptions under the COMESA trade liberalisation programme. The CID observed that the geographic scope for the identified relevant product markets is likely to be narrower due to limitations of transportation costs as cement is naturally heavy to transport. However,

---

[12] Paragraph 8

[13] See para 392, case no. CCC/MER/01/03/2024, dated 11 July 2024; para 34 of Case File No. CCC/MER/8/31/2024 dated 20 October 2024; and Case File dated 18 November 2022.No. CCC/MER/8/35/2022.

[14] Decision of the 110th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Merger Involving Amsons Industries (k) Limited and Bamburi Cement Plc

[15] https://www.comesa.int/wp-content/uploads/2021/01/2019-Annual-Report_online.pdf, discussing cement among main products for intra-COMESA trade.

COMESA COMPETITION COMMISSION
22 JUN 2025

advancements in technology and infrastructure have significantly expanded the distance over which cement can be competitively transported, allowing for more efficient and cost-effective delivery to distant markets. Consequently, the relevant geographic market is likely to be broader than national. However, the CID noted that the geographic reach of intra-COMESA exports for cement is predominant between those Member State sharing borders. The CID noted this may imply that proximity plays a critical role of facilitating such trade. The CID therefore observed that it is not unlikely that cement is traded at the borders of DRC-Zambia or DRC-Uganda, both in the formal and informal market.

31. The CID further noted while cement produced in eastern DRC may be exportable to Uganda, Rwanda and Zambia which are closer to eastern DRC, the cement exports to the latter neighbouring countries was likely to be minimal given cement requires significant transportation costs and logistics and the poor quality of the infrastructure in eastern DRC.

32. Within the territory of overlap itself, the CID noted that each merging party has distinct geographic areas of activities, notably, the WCD operates in Eastern DRC while CILU operates in Western DRC. The CID further noted the parties' submissions that they view the Eastern and Western DRC as separate relevant geographic markets by virtue of the conditions of transport infrastructure in the DRC as well as the sheer size of the DRC, namely:

    i. The transport infrastructure in the DRC makes it difficult to transport cement (whether by rail, waterways or road) across any great distance on a cost-effective basis, if at all;

    ii. A large number of areas in the DRC do not have favourable road conditions or even road links between them, which makes it difficult and costly to transport cement by road; and

    iii. Many of the DRC's rail and other existing transport infrastructure requires significant maintenance or upgrades.

33. The CID was of the view that the above buttresses the CID's decisional practice that transportation costs cannot be ignored in the transportation of cement.[16]

34. Despite the possibility of the exports of cement to the neighbouring Member States closer to the Eastern part of DRC, the CID was of the view that such exports are unlikely to expand the geographic scope of the relevant market, as the volume of trade is likely to be so minimal and limited to only infra-marginal customers. Further, the state of the supportive transport infrastructure is likely to limit the trade in cement to the neighbouring countries.

[16] See Case File No. CCC/MER/8/35/2022, Barak Asset Recovery Limited and Seruji Limited

35. Based on these considerations, the CID concluded that the relevant geographic market for the manufacture and supply of grey cement was localised in DRC.

Conclusion on Relevant Markets

36. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant market was identified as the **manufacture and supply of grey cement in Eastern and Western DRC, respectively**.

Consideration of Substantial Lessening of Competition or "Effect" Test

Market Shares and Concentration

37. The CID noted the following information on the estimated market shares for the supply of grey cement in respectively western and eastern DRC:

Table 3: Estimated Market shares for Western DRC[17]

Supplier	Estimated Market Shares (%)
Cimenterie Kongo (CIMKO)	[30 – 40]
CILU	***[30 – 40]***
PPC	[30 – 40]
Total	**100**

Table 4: Estimated Market shares for Eastern DRC[18]

Supplier	Estimated Market Shares (%)
WCC	***[20 – 30]***
Cimerwa	[20 – 30]
Others (imports)	[40 – 50]
Total	**100**

38. The CID also noted the following information on the market shares for the suppliers of cement in DRC on a national level basis.

Table 5: Estimated Market shares in DRC[19]

Supplier	Estimated Market Shares (%)
Grande Cimenterie Du Katanga[20]	[0 – 20]
CIMKO	[0 – 20]
CILU	***[0 – 20]***
PPC	[0 – 20]
Carriere de Lualaba	[10 – 20]
WCC	***[0 – 10]***
Others (including imports)	[10 – 20]
Total	**100**

[17] Information claimed as confidential by merging parties
[18] Information claimed as confidential by merging parties
[19] Information claimed as confidential by merging parties
[20] Grande Cimenterie Du Katanga only sales cement in Southern DRC

39. The CID noted the respective market shares of WCD and CILU and observed that the transaction would not result in market share accretion given they are operating in different regions in DRC, namely eastern and western DRC. Therefore, the transaction does not result in an immediate market share accretion that would create or strengthen any position of dominance by the merged entity. The CID further observed that the market for the manufacture and supply of grey cement in Eastern and Western DRC had other players which will continue to provide competitive constraints to the merged entity, in each of the defined market.

40. The CID also considered that even where the market was to be considered broadly as the manufacture and supply of grey cement in DRC, the merged entity would not emerge as a significant player. The CID observed that the main player at national level was Grand Cimenterie Du Katanga which is predominantly active in Southern DRC.

Consideration of Third-Party Views

41. In arriving at its determination, the CID also considered submissions from the national competition authorities of Ethiopia, Eswatini, Kenya and Madagascar. All the authorities confirmed that the transaction will not raise any competition or public interest concerns in their respective territories.

Determination

42. 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 will it be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.

43. The CID, therefore, approved the transaction.

44. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 22nd day of June 2025

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma **Commissioner Vipin Naugah**