



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/04/15/2025

**Decision¹ of the 119th Meeting of the Committee Responsible
for Initial Determinations Regarding the Proposed
Acquisition of sole control by Wonderful Group of
Companies Limited over Rift Valley Agriculture Holdings
Limited**

ECONOMIC SECTOR: Agriculture

03 August 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 6 May 2025, the COMESA Competition Commission (“**the Commission**”) received a notification of the proposed acquisition of sole control by Wonderful Group of Companies Limited (“**Wonderful**”, or the “**acquiring firm**”, together with its subsidiaries and affiliates “**Wonderful group**” or “**acquiring group**”), of 100% of the share capital of Rift Valley Agriculture Holdings Limited (“**Rift Valley**”, or the “**target firm**”, together with its subsidiaries and affiliates “**Rift Valley group**” or “**target group**”), 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

Wonderful (the “acquiring firm”)

4. Wonderful was established in 2011 under the laws of Zambia. It is a diversified industrial conglomerate with a focus on packaging, construction materials, porcelain, and fertilizer production. Its subsidiaries and business interests include Wonderful Industry Zambia Company Limited, a manufacturer and distributor of woven polypropylene bags and PVC ceiling boards; Marcopolo Tiles Company Limited, a tile manufacturing company producing porcelain, ceramic, and glazed tiles; United Capital Fertilizer Zambia Company Limited, producing fertilizers such as urea, compound fertilizers, and liquid ammonia; and Boffar Machinery and Equipment Zambia Limited, which supplies industrial and medical equipment and is expanding into corporate real estate while offering comprehensive engineering services and maintenance.
5. In the Common Market, the acquiring group operates in the Democratic Republic of Congo (“DRC”), Malawi, Zambia and Zimbabwe.

Rift Valley (the “target firm”)

6. Rift Valley is a company established in 2014 under the laws of Mauritius. It operates within the tobacco industry, primarily focusing on tobacco production and marketing. Its subsidiaries and business interests include Northern Tobacco, a supplier of high-quality flue-cured tobacco in Zimbabwe that manages contract-farming arrangements with both commercial and small-scale farmers; and Tobacco Processors Zimbabwe, which operates tobacco processing facilities handling approximately 90 million kgs of green leaf tobacco annually, with a processing capacity of up to 100 million kgs.
7. The parties submitted the target group’s-controlled subsidiaries with their activities in the Common Market as follows.

Table 1: List of the target group-controlled subsidiaries with their activities in the Common Market²

Member State	Name of portfolio company	Description of activities
Zimbabwe	Precis	Holding company services
Zimbabwe	Export Leaf Tobacco Co of Africa (Pvt) Ltd	Holding company services

² The parties submitted that Heemraad (Pvt) Ltd (Zimbabwe) and Any Quotation (Pvt) Ltd (Zimbabwe) were holding companies which are currently dormant companies.



Zimbabwe	Northern Tobacco (Pvt) Ltd ("Northern Tobacco")	supplies flue-cured tobacco in Zimbabwe through managing contract-farming arrangements with both commercial and small-scale farmers buying tobacco from contracted farmers as per the contractual agreement. It provides inputs ³ to its contracted tobacco grower farmers. It purchases all the tobacco from the contracted farmers, i.e., from [REDACTED] commercial farmers and [REDACTED] small-scale farmers, and supplies to its affiliate for processing and packaging of the unmanufactured tobacco to sale to its local and international customers.
Zimbabwe	Tobacco Processors Zimbabwe (Pvt) Ltd ("TPZ")	Active in the processing and packaging of tobacco leaf at its facility, before being exported or manufactured into cigarettes, i.e., it is active in the removal of the tobacco leaf stems at its processing plant/facility. It has facilities that handle approx. 90 million kgs of green leaf tobacco annually, with a processing capacity of up to 100 million kgs.
Zimbabwe	Rift Valley Properties (Pvt) Ltd	Holding company services

8. In the Common Market, the target group operates in Zimbabwe only.

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

³ Facilitates funds for the procurement of inputs like fertilisers, chemicals and coal, packaging material and technical expertise to the farmers.



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 entails the acquisition by Wonderful of 100% of the entire issued share capital of Rift Valley from Rift Valley Holdings Limited.

Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

12. Paragraph 7 of the Commission's 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 the acquiring group is active in the manufacturing and distribution of woven polypropylene bags, PVC ceiling boards; producing porcelain, ceramic, and glazed tiles; production and supply of fertilizers such as urea, compound fertilizers, and liquid ammonia. The CID further noted that the acquiring group is active in the supply of industrial and medical equipment and is expanding into corporate real estate, offering comprehensive engineering services and maintenance.
14. The CID noted that the target group is active in contracting and marketing of tobacco from contracted tobacco growers and processing the tobacco (removing the leaf stems before exporting or manufacturing into cigarettes) at its Green Leaf Threshing Plant in Zimbabwe and then sales the unmanufactured tobacco leaf to its local and international customers.
15. The CID observed from the activities of the merging parties that the proposed transaction does not raise any horizontal overlap since the merging parties are involved in different markets. However, the CID observed that given the acquiring group is active in the manufacturing and supply of fertilizers, which is input for tobacco growing, potential vertical effects may arise post-merger.
16. Therefore, the CID focused its assessment of the product market on the contracting and marketing of tobacco and the manufacturing and supply of fertilizers where potential vertical effects are likely.

Production and marketing of tobacco



17. The production and marketing of tobacco leaf comprises cultivating, harvesting, primary processing (such as drying, grading, and curing), and sale of unmanufactured tobacco which is an input used in the production of final tobacco products such as cigarettes, and chewing tobacco. The structure of the tobacco value chain comprises of the following:⁴

(i) Seed breeding

18. Seed breeding involves research, development, and improvement of tobacco seed varieties to enhance quality, disease resistance, and yield. It is mostly undertaken by government research institutions, and the product at this level is not intended for direct commercial cultivation but serves as the genetic foundation for subsequent seed multiplication. For instance, tobacco seed breeding in Zimbabwe is statutorily managed by the Tobacco Research Board. Such activities are often non-commercial in nature, governed by licensing agreements and intellectual property rights.

(ii) Seed production

19. Seed production focuses on multiplying breeder seed into certified or commercial seeds that can be sold to farmers for tobacco cultivation. This is a more commercialized segment of the value chain compared to breeding, with a broader range of players involved. Certified seeds are produced by seed companies, farmer cooperatives, or out growers under contract and then sold to tobacco growers. Buyers in this market are primarily smallholder and commercial farmers, contract farming companies, and agro-dealers. Quality assurance and seed certification are required by regulators such as the Tobacco Research Board and the Ministry of Agriculture.

(iii) Tobacco growing

20. Tobacco growing is the most labour-intensive stage in the tobacco production value chain. At this stage, activities such as land preparation, seedling transplanting, and use of inputs like fertilizer, agrochemicals, irrigation, harvesting, and curing (drying) are required.⁵ Registration as a tobacco grower and certification is required in most countries in the Common Market, for instance by the Tobacco Industry Marketing Board ("TIMB") in the case of Zimbabwe. TIMB requires an application to be submitted with proof of access to land, a copy of national ID, recommendation letter from the local Agricultural Technical and Extension Services (AGRITEX), and registration fee is required for certification.⁶

⁴ See "a study on the level of competition in the tobacco industry": unpublished research by the Competition and Tariff Commission in Zimbabwe

⁵ See <https://eos.com/blog/growing-tobacco/>, accessed on 4 July 2025.

⁶ See <https://timb.co.zw/download/HOW%20TO%20REGISTER%20AS%20A%20TOBACCO%20GROWER.pdf>, accessed on 4 July 2025.



21. Tobacco is grown either by self-financing growers or contracted growers. In the former case, growers bear all production risks, mobilizing inputs independently and sells their tobacco to the highest bidder on the auction floors. In contract farming, the contracted growers receive input (fertilizers, seeds, chemicals, fuel, technical support etc.) from tobacco contractors in return for committing their harvest to these specific contractors/buyers. In exchange for the input services from the contractor, the contracted growers/farmers agree to subsequently sell their harvested tobacco leaf to the contractor at a pre-agreed price, usually at a licensed contract floor. Tobacco price under auction market is determined on the spot market while contract price is determined through predetermined agreement or negotiations between the contractor and the farmer.⁷
22. Engaging in the tobacco contract farming services, therefore, requires a License issued by TIMB. Licensed tobacco contractors, such as Northern Tobacco, enter into agreements with contract growers, providing them with the above necessary inputs to cultivate tobacco, ensuring a standardized production process. The CID considered that this indicates that the provision **of contract farming service for tobacco growers** is a distinct market that is governed by legal binding agreements requiring contracted growers to sell back their harvested tobacco.
23. **Given that the target engages tobacco contract growers, the CID determined the market as contract farming services for tobacco growers.**
- (iv) Tobacco processing and marketing*
24. Tobacco is processed before exported or manufactured into cigarettes. The processing entails the removal of the leaf stems, called unmanufactured tobacco. The tobacco growers supply their cured tobacco leaf to their contractors, which is graded based on quality parameters such as leaf size, color, oil content, and moisture level before being sent to the market. The graded tobacco is thereafter traded in a dual structure market system, with an auction system and a contract system coexisting.⁸
25. The CID noted that all tobacco growers in Zimbabwe are regulated by TIMB and are required to supply their tobacco to designated markets. Contracted growers supply their tobacco to their respective contractor's floors, while self-financed growers supply to auction floors.
26. Once purchased, the raw tobacco must be processed before export or further manufacturing. This processing is carried out by licensed tobacco processors operating at their processing facilities. The CID noted for the target group TPZ processes tobacco from Northern Tobacco, which it then exports as

⁷ See <https://www.abacademies.org/articles/Marketing-of-un-manufactured-tobacco-in-zimbabwe-and-1528-2678-25-3-423.pdf>, accessed on 5 July 2025.

⁸ See <https://www.abacademies.org/articles/Marketing-of-un-manufactured-tobacco-in-zimbabwe-and-1528-2678-25-3-423.pdf>, accessed on 5 July 2025.



unmanufactured tobacco to cigarette manufacturers or larger-scale buyers involved in supplying to end product processing companies. The CID observed that tobacco processing is a necessary step in the export value chain.

27. **In view of the above and given the target is also active in the processing and export of tobacco, the CID considered that the processing and export of tobacco comprised a distinct product market.**

The production and supply of fertilizers

28. Plants need nutrients to grow and absorb them from the soil via the plant's root system. Nitrogen (N), Phosphate (P) and Potash (K) form the basis of the major nutrients needed for tobacco growing, along with Sulphur and Boron.⁹ Each nutrient has unique physiological functions that cannot be replaced by any other nutrient.¹⁰ They constitute the primary plant nutrients, which are needed in large quantities for agricultural applications.
29. Nitrogen (N) is one of the primary macronutrients required by plants.¹¹ It is essential for the growth and development of plants. Nitrogen-based mineral fertilisers are produced by first mixing nitrogen from the air with hydrogen from natural gas or coal at high temperature and pressure to create ammonia. Ammonia is then converted into other nitrogen compounds, such as ammonium nitrate (AN), urea, and urea ammonium nitrate (UAN).
30. Phosphorus (P) is vital for root development and drought resistance.¹² Most of the phosphorus used in fertilisers comes from phosphate rock, a naturally occurring ore of marine sedimentary origin. Phosphate rock is primarily treated with sulphuric acid to produce phosphoric acid, which is either concentrated or mixed with ammonia to make a range of phosphate fertilisers, including diammonium phosphate (DAP). On the other hand, Potassium (K), which is found in potash, that includes various mined and manufactured salts, helps improve crop quality.¹³ Potassium chloride can be used directly as a fertiliser, combined with other important nutrients, or converted into other forms of potash.
31. From the foregoing, the CID observed that fertilisers can be in single nutrient form (straight N, straight P, and straight K fertilisers) or in compound form, which may contain any combination of N, P, or K. This may be achieved by chemical means (compound fertilisers) or mechanically (blended fertilisers). Thus, there are various types of straight and compound (or blended) field-applied fertilisers.

⁹ <https://www.fertilizer.co.zw/tobacco/>, accessed on 5 July 2025.

¹⁰ See https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/understanding-the-resilience-of-fertiliser-markets-to-shocks_c8c4806f/43664170-en.pdf, accessed on 5 July 2025.

¹¹ <https://africafertilizer.org/#/en/resources/fertilizer-101/>, accessed on 5 July 2025.

¹² See https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/06/understanding-the-resilience-of-fertiliser-markets-to-shocks_c8c4806f/43664170-en.pdf, accessed on 5 July 2025.

¹³ Ibid.



32. The CID noted that given different types of fertilisers have different applications, potential for further segmentation of the fertiliser market was possible. This notwithstanding, the CID observed that there was no existing overlap between the activities of the merging parties. Therefore, the further segmentation of the fertiliser market although feasible would not alter the competitive analysis of the proposed transaction.
33. **In view of the foregoing and for purposes of assessing the transaction, the CID identified the market for the manufacturing and supply of fertilizers as a distinct market.**

Relevant Geographic Market

34. 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***”.¹⁴

Contract farming services for tobacco growers

35. The CID considered that the geographic scope for the provision of contract farming services for tobacco growers was likely to be national due to factors such as the location of the farm, auction markets, and regulatory frameworks governing contract farming. The CID observed that in Zimbabwe, licensing for contractors and A class buyers from centralized auction markets is required and issued by TIMB.¹⁵

The processing and export of unmanufactured tobacco

36. With regard to the processing and export of unmanufactured tobacco, the CID observed that the scope of the market was likely global given the global demand from large tobacco manufacturers who source unmanufactured tobacco on a global basis. The CID further observed that unmanufactured tobacco leaf is exported to the global market by multinational companies that participate in the national auction markets and partnering with local growers or contract buyers via contract arrangements through their subsidiaries established locally.
37. The CID noted that although there exist national markets through the auction markets, and regulatory framework for cross border trade, multinational tobacco manufacturers are not generally constrained in their ability to source raw unmanufactured tobacco products from multiple international jurisdictions,

¹⁴ Paragraph 8

¹⁵ See A class licenced buyers for 2025,

[https://timb.co.zw/download/A%20CLASS%20LICENCED%20BUYERS%20FOR%202025%20\(2\).pdf](https://timb.co.zw/download/A%20CLASS%20LICENCED%20BUYERS%20FOR%202025%20(2).pdf), accessed on 5 July 2025.



including those within the Common Market. For instance, the CID noted that the majority of tobacco produced in Zimbabwe¹⁶ is exported to the global market as unmanufactured. Further, Malawi exported tobacco, partly or wholly stemmed/stripped tobacco to Belgium, China, Germany, Korea Republic and Switzerland in 2023.¹⁷

38. The CID further noted the parties' submission that Northern Tobacco's primary export destinations for unmanufactured tobacco in 2024 were China (■%), the USA and Europe (■%), East and West Africa (■%), India (■%), other Asian countries (■%), South Africa (■%), and the domestic market (■%).¹⁸
39. Notwithstanding the global orientation of the tobacco industry, the CID considered that unmanufactured tobacco product exporters are bound by national regulatory requirements and operate within specific national markets which may limit the market to specific countries.
40. The CID observed that the transaction did not raise any horizontal overlaps in the processing and export of unmanufactured tobacco as such it determined that it was not necessary to define its precise geographic market. Therefore, the geographic scope for processing and export of unmanufactured tobacco was left open.

The manufacturing and supply of fertilizers

41. The CID observed that fertilizer is a key agricultural input that is predominantly traded within a global market framework. This is primarily due to the international distribution of raw materials, varying production costs across countries, and the feasibility of cost-effective bulk transportation. The CID observed that the supply of fertilizers is likely to be global in nature, with major global producers and exporters including the Russian Federation, China, Saudi Arabia, South Africa, Belarus, the United Arab Emirates, and the United States of America.¹⁹
42. The CID observed that within the Common Market, there are no significant restrictions on the trade of fertilizers such that fertilizers are tradeable across borders. The CID noted that initiatives such as the COMESA Fertilizer Regional Programme²⁰ and the COMESA-ACTESA Strategic Plan²¹ (2020–2030) have been instrumental in promoting policy harmonization, regulatory alignment, quality assurance, and market development across member states. These programs aim to reduce non-tariff barriers, enhance regional fertilizer trade, and establish

¹⁶ <https://www.abacademies.org/articles/Marketing-of-un-manufactured-tobacco-in-zimbabwe-and-1528-2678-25-3-423.pdf>, accessed on 6 July 2025.

¹⁷ See <https://wits.worldbank.org/trade/comtrade/en/country/MWI/year/2023/tradeflow/Exports/partner/Malawi-Tobacco>, accessed on 6 July 2025.

¹⁸ Information claimed as confidential by merging parties

¹⁹ See <https://www.ers.usda.gov/amber-waves/2023/september/global-fertilizer-market-challenged-by-russia-s-invasion-of-ukraine>, accessed on 5 April 2024

²⁰ See <https://actesa.org/programme/comesa-fertilizer-regional-programme-comfrep/>, accessed on 5 July 2025.

²¹ See <https://actesa.org/programme/comesa-fertilizer-regional-programme-comfrep/>, accessed on 5 July 2025.



financing mechanisms to support bulk manufacturing, procurement, and distribution across the Member States within the Common Market. Furthermore, COMESA in collaboration with the African Fertilizer and Agribusiness Partnership is facilitating the development of a unified continental fertilizer policy and trade framework.

43. While recognizing the existence of continental and regional trade dynamics, the fertilizer market is primarily global in nature due to minimal trade barriers, efficient bulk transport systems, and the widespread availability of international suppliers. For instance, the Commission's research²² indicates that fertilizer imports in several African countries originate from a diverse set of international sources. Kenya sources its fertilizers from Russia, Norway, Romania, and the Middle East, while Rwanda imports from the Middle East, Russia, Finland, and Morocco. Uganda relies on the Middle East, Russia, China, and Kenya for its fertilizer needs while Malawi's imports come from the Middle East, Eastern Europe, North Africa, China, and India. Zambia sources from South Africa, the Middle East, Switzerland, and China. Zimbabwe imports primarily from South Africa, Russia, Mauritius, and the Middle East, whereas the DRC obtains most of its fertilizers from South Africa, Russia, Zambia, and China. Accordingly, the Commission considers that the relevant geographic market for the manufacturing and supply of fertilizers is likely to be global.
44. In view of the above, the CID considered that the geographic scope for **the manufacturing and supply of fertilizers as global**.

Conclusion on Relevant Markets

45. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant market has been identified as:
- a. **the provision of contract farming services for tobacco growers in Zimbabwe;**
 - b. **the processing and export of unmanufactured tobacco whose relevant geographic market was left open; and**
 - c. **the global market for the manufacturing and supply of fertilizers.**

²² The Commission's research: "Competition, concentration, and market outcomes in fertilizer markets in Eastern and Southern Africa". 2024. Available online at <https://www.comesacompetition.org/resources/publications/competitionconcentrationand-market-outcomes-in-fertiliser-markets-in-east-and-southern-africa/>, accessed on 6 July 2025.



Consideration of Substantial Lessening of Competition or “Effect” Test

Market Shares and Concentration

46. The CID noted that in the period 2015 – 2020, Zimbabwe was among the major global exporters of unmanufactured tobacco as presented in Table 2 below.

Table 2: Major exporters of unmanufactured tobacco, by values (US\$'000)²³

Exporter	2015	2016	2017	2018	2019	2020
World	11,102,806	11,308,989	11,153,722	11,083,882	10,408,568	10,556,978
Brazil	2,109,284	2,054,089	2,000,441	1,894,445	2,043,520	1,638,665
Zimbabwe	864,954	887,123	800,525	864,700	782,997	741,384
USA	1,153,890	1,141,935	1,111,330	1,066,873	756,170	694,725
India	638,576	671,055	612,771	589,895	549,788	512,746
Malawi	527,129	544,484	530,410	492,332	498,465	498,383
China	578,044	571,799	620,439	541,756	564,038	455,402
Germany	367,069	396,610	450,969	391,911	351,215	270,736
Belgium	870,685	859,182	973,577	1,164,934	1,161,658	31,987

47. Further, the CID noted that Zimbabwe is Africa's largest tobacco producer and tobacco is one of the country's main foreign currency earners, having brought in a record \$1.2 billion in 2023 from exporting mostly to China.²⁴ The CID also observed that the worldwide demand for tobacco has continued to grow and in Zimbabwe, the crop is grown mainly for the export market. The CID further observed that this was similarly the case in most developing countries, which now account for 70% of global consumption, with China accounting for 44% of all consumption.²⁵
48. The CID noted the parties' submission that the estimated market share of the target group, through Northern Tobacco, and its top five competitors, as presented in Table 3 below.

Table 3: Estimated market shares of Northern Tobacco and its top five competitor contractors in the contracting services²⁶

Competitor name	Estimate market share by volume in%				
	2021	2022	2023	2024	2025
Zimbabwe Leaf Tobacco (ZLF)	■	■	■	■	■
Mashonaland Tobacco Company (MTC)	■	■	■	■	■
Tian Ze	■	■	■	■	■

²³ See <https://www.abacademies.org/articles/Marketing-of-un-manufactured-tobacco-in-zimbabwe-and-1528-2678-25-3-423.pdf>, accessed on 6 July 2025.

²⁴ See <https://www.reuters.com/world/africa/zimbabwe-tobacco-production-fall-10-due-drought-2024-03-13/>, accessed on 6 July 2025.

²⁵ See <https://www.abacademies.org/articles/marketing-of-unmanufactured-tobacco-in-zimbabwe-and-the-export-market-11034.html>, accessed on 6 July 2025.

²⁶ Information claimed as confidential by merging parties.



Northern Tobacco (target group)					
Boost Hail & Cotton					
Premium					
Others					
Total	100	100	100	100	100

49. The CID observed that the target group's estimated market share in 2025 was , ranking fourth on the market. Other players such as ZLF held , while MTC, Tian Ze, Boost Hail & Cotton, and Premium together held , and the remaining market share was held by the remainder of the players. The CID further observed that Northern Tobacco's market share has been on a declining trend over the past five years.
50. The CID considered the structure of the tobacco industry in Zimbabwe and noted that that Zimbabwe operates a dual marketing system comprising a traditional auction floor and a modern contract farming model.²⁷ The CID noted that while the auctions allow farmers to bring produce to centralized floors and sell to the highest bidder, under contract farming merchants provide inputs and guarantee to buy tobacco at farm-gate prices no lower than auction floor rates.
51. The CID also observed that under contract farming system in Zimbabwe, the Chinese state-owned China National Tobacco Corporation, the world's biggest cigarette producer, is an integral player.²⁸ The Chinese firm loans seeds, and fertilizers to local farmers who currently make up the majority of Zimbabwe's tobacco producers. The farmers, in turn, are obligated to sell their crop to the Chinese firm or its agents. Contract sales which represent approximately % of volume of Zimbabwe's tobacco crop is financed through the contract system. The CID noted that auction sales, though smaller, give farmers an alternative, and sometimes higher, pricing option, which can erode contract buyer/merchant advantage if auction prices outperform contracts.
52. The CID noted that for the 2025 season, TIMB has licensed two auction floors operators, namely The CID further noted that to enhance accessibility for farmers, the Board has approved decentralised contract sales at 56 selling points across seven centres throughout the country.
53. The CID further noted that over farmers mostly smallholder is active in the tobacco growing. The CID observed that the target group purchases tobacco from commercial and small-scale contracted farmers as such most of the growers seem to be supplying their products to target's competitors.

²⁷ See <https://www.abacademies.org/articles/marketing-of-unmanufactured-tobacco-in-zimbabwe-and-the-export-market-11034.html>, accessed on 6 July 2025.

²⁸ See <https://apnews.com/article/tobacco-cigarettes-china-zimbabwe-d88a2768a836caf25b7f24f3c9366300>, accessed on 6 July 2025.



54. The CID noted that there are four tobacco processing companies operating in Zimbabwe, namely Zimbabwe Leaf Tobacco, Mashonaland Tobacco Company, TPZ (which is part of the target group), and Voedsel.²⁹ The CID further noted that under the Tobacco Value Chain Transformation Plan (2021–2025) in Zimbabwe, a local funding and decentralized marketing has been initiated to enhance local processing and value addition.
55. The CID considered that the proposed transaction will not lead to any change in the existing market structure in Zimbabwe for contracting of tobacco outgrower; and the processing and marketing of unmanufactured tobacco markets. The CID reached this conclusion due to the absence of overlap in the activities of the merging parties, coupled with the presence of other competitors, the availability of contract farming funding from both local and offshore merchants, as well as ongoing government reforms aimed at increasing production volume and promoting value addition in the tobacco industry.
56. Regarding the manufacturing and supply of fertilizers market, the CID noted that the fertilizer markets are characterised by high concentration and lack of effective price competition among fertilizers producers and distributors.³⁰ Fertilizer production worldwide is dominated by few producers, with a small number of countries dominating the production of key fertilizers, namely nitrogen (urea), phosphate (DAP/MAP), potash, and complex fertilizers (NPK).
57. The CID observed that most developing countries are highly dependent on imported fertilizer. Most African fertilizer market features prominent players such as Yara International ASA, K+S Aktiengesellschaft, ICL Group Ltd, Gavilon South Africa, UPL Limited, Foskor, Kynoch Fertilizer, and Haifa Group leading the competitive landscape.³¹
58. The CID further noted that the majority of fertilizer consumed in the COMESA region is sourced and imported from these global producers, and local fertilizer distribution channels are also characterized by a small number of market players. The CID noted that a study analysing fertiliser markets in COMESA had³² revealed that the fertilizer markets in East and Southern Africa are oligopolistic in nature, with just two to five large firms that source fertiliser in bulk from international producers. The CID further noted that the markets are characterised by high levels of concentration in terms of which the major importers able to supply in bulk. For instance,³³ Yara, ETG/SABIC and OCP are the three main fertilizer importers in

²⁹ See <https://tobaccoreporter.com/2023/05/01/the-trades-perceptive/>, accessed on 7 July 2025.

³⁰ See <https://t20argentina.org/wp-content/uploads/2018/07/Final-TF-3-3-6-BRIEF-6-T20-Task-Force-3.pdf>, accessed on 7 July 2025.

³¹ See <https://www.mordorintelligence.com/industry-reports/africa-fertilizers-market>, accessed on 6 July 2025.

³² See https://www.researchgate.net/publication/378477043_Concentration_competition_and_market_outcomes_in_fertiliser_markets_in_East_and_Southern_Africa, accessed on 8 July 2025.

³³ Ibid.



Eastern Africa, where each maintained market shares from 35-40%, 35-40% and 15-20%, respectively, across the region.

59. The CID further noted that Zimbabwe has sourced most of the nitrogen fertilisers from Russia and Belarus, phosphate from Morocco, and potassium from South America and Russia. Meridian Africa/FSG, ETG, ZFC Limited, Windmill, and Sable Chemicals are the five main fertilizer importers in Zimbabwe.³⁴ There are also local producers such as Zimbabwe Phosphate Industries, producer of super phosphates aluminium sulphate, silicate solutions, ammonia solutions and packed anhydrous ammonia. Sable Chemicals manufactures ammonium nitrate fertiliser and ammonia while Dorowa Minerals mines phosphate rock.
60. The CID noted that the acquiring group exports its fertilizer products to its customers including in Zimbabwe. Further, the acquiring group intends to set up an NPK fertilizer plant in Zimbabwe within the next 12 to 15 months subject to obtaining the appropriate land requirements.
61. The CID noted that the estimated market shares of the above-mentioned fertilizer importer/suppliers in Zimbabwe, as presented by the Competition and Tariff Commission in Zimbabwe as follows:

Table 4: Estimated market shares of fertilizer suppliers in Zimbabwe³⁵

Competitors	Estimate market share (%)
FSG	30
ZFC	20
windmill	20
Omnia	10
ETG	10
<i>the acquiring group</i>	<i>10</i>
Total	100

62. The CID noted that the fertilizer market in Zimbabwe is characterised by the presence of local and multinational players. Further, the CID noted that duty exemptions apply to the fertiliser market under the Presidential Input Scheme, allowing certain importers to import high-quality fertilizer duty-free, which is believed to facilitating competition.³⁶ The CID also observed that the acquiring group is not a significant player in the fertilizer market in Zimbabwe since it has a market share of 10%.
63. The CID noted that in the absence of overlap between the parties, pre-merger, there will be no market share accretion in the fertiliser market as a result of the transaction. Further, the merged entity will continue to be constrained by other local and international players.

³⁴ Supra note 32

³⁵ Submissions by CTC. Information claimed as confidential by merging parties.

³⁶ Submissions from the Competition and Tariff Commission in Zimbabwe



64. From the foregoing, the Commission noted that there will be no market share accretion in relation to both the marketing and sales of unmanufactured tobacco leaf and the manufacturing and supply of fertilizers.
65. The CID therefore concluded that the proposed transaction is unlikely to negatively impact competition in the relevant markets.

Consideration of Vertical Effects

66. The CID noted that in the market for tobacco production, input foreclosure would arise where, post-merger, Wonderful Group would have the incentive and ability to restrict access to fertilizers from rival tobacco contractors. The CID observed that currently, the acquiring group does not supply fertilizer to the target and only supplies limited quantities to other customers from its plant in Zambia. However, the CID observed that Wonderful Group plans to establish a local production plant within the next 2 to 5 years in Zimbabwe and its fertilizers, particularly granulated types, are regarded as superior to locally produced blends.
67. The CID noted that at the downstream level the merged entity's presence through Northern Tobacco was insignificant given its [REDACTED] % market share in contract marketing of tobacco. Therefore, a strategy to foreclose fertilizer access to the [REDACTED] % potential customer base would be unlikely as this would weaken Wonderful's ability to recover its capital investments and achieve scale. Restricting fertilizers to these potential customers would not be a commercially viable strategy for the acquiring group, as it would forego revenues from the other tobacco contractors. The CID further noted that the other competitors of the target would source fertilizer from other suppliers such as ZFC, Windmill, FSG, ETG, and Omnia, who currently control [REDACTED] % of the fertilizers supply market in Zimbabwe.
68. The CID therefore considered that the proposed transaction was not likely to incentivise the merged entity to strengthen its position as a tobacco contractor by leveraging on Wonderful's position in the upstream market for the supply of fertilizers. The CID was satisfied that the transaction was not likely to result in input foreclosure.
69. The CID noted that in terms of customer foreclosure, this would be likely if Northern Tobacco shifts its purchases of fertilizers from Wonderful's competitors, such that the acquiring group's competitors in the fertilizer market would be prevented from accessing key customers. The CID noted that foreclosure may raise competition concerns where the merger concerns a customer which had substantial market power in the downstream market such as for tobacco contracting and marketing in the present case. The CID observed that competition is not likely to be significantly impeded where competitors have a sufficiently large customer base.
70. The CID considered that even if the merged entity opted to exclusively utilize its fertilizer for its contract tobacco growers, no foreclosure of competitors would arise



in view of the limited market share of the target group in the markets for contracting of outgrower services and marketing of tobacco in Zimbabwe. The CID further noted that the existing fertilizer suppliers have a large customer base of [REDACTED] % of the contract grower services market which is not currently being supplied by the target group.

71. In view of the foregoing, the CID considered that the proposed transaction was unlikely to raise concerns of customer foreclosure.

Consideration of Third-Party Views

72. In arriving at its determination, the CID considered submissions from the national competition authorities of DRC and Zambia which confirmed the absence of competition and public interest concerns.
73. The CID considered the submission from the Competition and Tariff Commission of Zimbabwe that the transaction was likely to raise foreclosure effects and public interest concerns in Zimbabwe and that the transaction should be approved with the below remedies.
- a. Once operational in Zimbabwe, Wonderful Group shall supply fertilizer to all tobacco contractors and farmers on fair, reasonable, and non-discriminatory terms, including pricing, quality, and delivery timelines.
 - b. No exclusivity arrangements may be implemented between Wonderful and Northern Tobacco.
 - c. For a period of 24 months, from the date of approval of the transaction by the Commission, the merged entity shall not terminate any employment contract as a result of the merger, except for positions at Senior Management Level.
74. The CID considered that competition concerns were unlikely to arise from the transaction as the merged entity would not hold a dominant position in any of the identified relevant markets. The CID assessed that the proposed transaction was not likely to incentivize the merged entity to strengthen its position as a tobacco contractor by leveraging on Wonderful's position in the upstream market for the supply of fertilizers. Therefore, it was unlikely to raise concerns of input foreclosure including fertilizer.
75. With respect to customer foreclosure, the CID noted that Northern Tobacco's limited market share in the tobacco contracting market mean that exclusive sourcing would not significantly impact competitors in the fertilizers market such as ZFC, Windmill, FSG, ETG, and Omnia, who will continue to serve the vast majority, comprising [REDACTED] % of contracted tobacco growers. The CID also observed the absence of horizontal overlap in the activities of the merging parties. The CID



therefore considered that the proposed transaction was unlikely to result in customer foreclosure.

76. With regards to employment, the CID observed that while it is not immediately foreseeable what impact the transaction would have, it out of abundance of caution given its decisional practice addressed its mind to the matter. Therefore, the CID took note that the merging parties had given the following undertakings as the basis for approval of the merger:
- a. Wonderful Group shall supply fertilizer products to all tobacco contractors and farmers in Zimbabwe on fair, reasonable, and non-discriminatory terms, including with respect to pricing, product quality, delivery timelines, and payment terms.
 - b. Wonderful Group shall not enter into any exclusivity arrangements with Northern Tobacco or any other affiliated entity that would limit access by other industry participants to fertilizer inputs.
 - c. For a period of twenty-four (24) months from the date of approval of the proposed transaction by the Commission, no employment contract within Northern Tobacco or TPZ shall be terminated as a result of the merger, except for positions at Senior Management Level, and only where such changes are deemed necessary for legitimate business reasons.
 - d. Any restructuring, if required, shall be conducted in full compliance with Zimbabwean labour laws, and in good faith, with a commitment to retaining local talent and preserving operational continuity.

Determination

77. 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. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.
78. The CID, therefore, approved the transaction on the basis of the following undertakings submitted by the merging parties:
- a) The merged entity shall supply fertilizer products to all tobacco contractors and farmers in Zimbabwe on fair, reasonable, and non-discriminatory terms, including with respect to pricing, product quality, delivery timelines, and payment terms.
 - b) For a period of twenty-four (24) months from the date of approval of the proposed transaction by the Commission, the currently existing [REDACTED] total permanent employees within Northern Tobacco ([REDACTED]) and TPZ ([REDACTED]) shall not be terminated as a result of the merger, except for positions at Senior



Management Level, and only where such changes are deemed necessary for legitimate business reasons. Termination of contract does not include:

- (i) voluntary retrenchment and/or voluntary separation arrangements;
 - (ii) separation from employment relating to disciplinary measures;
 - (iii) separation upon the agreement with employees; and
 - (iv) voluntary early retirement offers.
- c) With the exception of paragraph (a), these undertakings shall be effective for a period of twenty-four (24) months from the date of approval of the transaction by the Committee Responsible for Initial Determinations.
- d) The merged entity commits to submit, within thirty (30) days of each anniversary of the merger clearance decision of the Commission, for the twenty-four (24) months, a comprehensive report detailing compliance with the above Undertakings. This Undertaking does not, however, stop the Commission from undertaking periodic review of the market to assess compliance.

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

Dated this 3rd day of August 2025

Commissioner Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Vipin Naugah

