Advancing Regional Integration through Competitive Markets and Empowered Consumers

Case File No. CCC/MER/12/53/2025

Decision[1] of the 128th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Merger involving Toyota Tsusho Corporation, Unicharm Corporation and CFAO Kenya Limited forming a Joint Venture Company to Manufacture and Sell Feminine Hygiene Absorbent Products in Kenya

ECONOMIC SECTOR: Manufacturing

COMESA COMPETITION COMMISSION
03 JUL 2026

3 July 2026

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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

The Committee Responsible for Initial Determinations ("**CID**") established pursuant to Article 13(4) of the COMESA Competition Regulations, 2004 (the "**Regulations**"):

Desirous of the overriding objective of strengthening and achieving convergence of COMESA Member States' economies through the attainment of full market integration as enshrined in the Treaty Establishing the Common Market for Eastern and Southern Africa (the "**Treaty**");

Cognisant of Article 55 of the Treaty;

Having regard to the Regulations, and in particular Part 4 thereof;

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.

Determines as follows:

Introduction and Relevant Background

1. On 6 March 2026, the COMESA Competition and Consumer Commission (the "**Commission**") received a notification regarding the proposed merger involving Toyota Tsusho Corporation ("**Toyota Tsusho**"), Unicharm Corporation ("**Unicharm**"), and CFAO Kenya Limited ("**CFAO Kenya**") forming a Joint Venture Company (the "**JV**", or the "**Target Firm**"), pursuant to Article 24(1) of the Regulations[2].

2. Pursuant to Article 26 of the Regulations, the Commission is required to determine whether or not the merger is likely to substantially prevent or lessen competition; or would be contrary to public interest in the Common Market.

The Parties

Toyota Tsusho

3. Toyota Tsusho, a company duly organized and existing under the laws of Japan, is a general trading company engaged in the field of automotive logistics, project and

[2] The Commission was seized of this matter before 4 December 2025. By virtue of paragraph 4 of the Commission's Practice Note Number 1 of 2026 Regarding the New Merger Control Regime pursuant to Chapter Four of the COMESA Competition and Consumer Protection Regulations, the assessment of the transaction is governed by the COMESA Competition Regulations 2004.

industrial equipment, agricultural equipment, chemicals, and fertilizers. Toyota Tsusho, with its global automotive business network and experiences on vehicle logistics, focuses on developing new businesses including energy, infrastructure, agriculture, and information and communication technology ("**ICT**").

4. Within the Common Market, Toyota Tsusho, through its controlled portfolio entities, is active in automotive dealership, car lease, distribution and retail of pharmaceuticals, automotive manufacturing, technology and facility management, project management, and automotive distribution. Toyota Tsusho operates in Burundi, Comoros, Djibouti, the Democratic Republic of Congo (the "**DRC**"), Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Uganda, Zambia, and Zimbabwe.

CFAO Kenya

5. CFAO Kenya is an indirect subsidiary of Toyota Tsusho and a member of the Toyota Tsusho group of companies. The parties further submitted that CFAO Kenya operates in Kenya within the agriculture, consumer goods, infrastructure, and energy sectors. CFAO Kenya currently has distribution arrangements with Unicharm, where it imports feminine hygiene absorbent products from Unicharm in Egypt for distribution in the Kenyan market.

Unicharm

6. Unicharm is a company duly organized and existing under the laws of Japan. Unicharm manufactures products and provides services that are essential for maintaining hygienic lifestyles across all ages, from infants to the elderly. Unicharm also provides products for pets including hygienic toilet systems, odor-control litter, and absorbent diapers focused on pet health, cleanliness, and comfort. The major business lines for Unicharm include feminine hygiene absorbent products, baby hygiene absorbent products, wellness hygiene absorbent products (for elderly people), pet care products, and commercial-use food packaging materials.

7. In the Common Market, Unicharm operates in the DRC, Egypt, Kenya, Libya, Rwanda, and Sudan.

The JV ("Target Firm")

8. The JV, namely [redacted], will be incorporated under laws of Kenya, following the signing of a Joint Venture Agreement between Unicharm, Toyota Tsusho and CFAO Kenya and upon the receipt of all regulatory approvals.

9. The objective of the JV is to manufacture and sell feminine hygiene absorbent products in Kenya. CFAO Kenya's Feminine hygiene absorbent products related distribution operations in Kenya will be transferred to the JV after its establishment. The JV will supply feminine hygiene absorbent products in the Kenyan market, with a future possibility of expansion into the Ugandan market.

Jurisdiction of the Commission

10. 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".

11. The undertakings concerned have operations in two or more Member States. The undertakings concerned derived turnover of more than the threshold of USD50 million in the Common Market and they each derived turnover of more than USD10 million in the Common Market. In addition, the parties do not derive/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

12. The notified transaction entails the formation of the JV by Toyota Tsusho, CFAO Kenya and Unicharm for the purpose of selling specific Unicharm products.

Competition Analysis

Consideration of the Relevant Markets

13. In the determination of the relevant market, which is divided into relevant product and relevant geographic markets, the CID is guided by the COMESA Guidelines on Market Definition and other authorities on the subject.

Relevant Product Market

14. The CID noted that, "**a relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the**

consumer, by reason of the products' characteristics, their prices and their intended use".[3]

15. The CID observed that Toyota Tsusho, CFAO Kenya, and Unicharm intend to establish the JV in Kenya to assume the distribution of feminine hygiene absorbent products currently undertaken by CFAO Kenya, with plans to subsequently commence local manufacture and sell of the products.

16. The CID noted that the proposed transaction is unlikely to give rise to horizontal overlaps, given that the parties' activities are not similar and that the JV will be a newly established entity. The CID, however, observed that the transaction presents elements of a vertical merger given the integration of Unicharm's manufacturing activities with CFAO Kenya's distribution facilities under the JV. For the purposes of the competitive assessment, the CID's assessment of the product market therefore focused on the manufacture and sale of feminine hygiene absorbent products, being activity that the JV is expected to undertake.

Manufacture and sale of feminine hygiene absorbent products

17. Feminine hygiene absorbent products encompass a broader range of feminine absorbent products, including panty liners, sanitary pads (towels), menstrual pads, incontinence liners and pads, and tampons, and underwear.[4] These products are fast-moving consumer goods designed for personal care. Sanitary pads utilize external-use disposable matrices composed of cotton and superabsorbent polymers for menstrual management, tampons function as internal compressed absorbent, and panty liners serve as low-capacity, thin daily protection.

18. From a demand-side perspective, feminine hygiene absorbent products serve different functions and are unlikely to be used interchangeably. For instance, sanitary pads are absorbent products used to manage menstrual flow whereas panty liners are thinner products mainly designed to be used to protect underwear.[5] Unlike sanitary pads that are used during period days, panty liners are meant to be used during non-menstrual days, suggesting potential for further segmenting this market on the basis of product characteristics and intended use.

19. However, the CID observed that further segmentation of the feminine hygiene absorbent products market would not alter the competitive analysis of the proposed transaction.

20. The CID observed that it has previously considered that while sub-segments of a relevant market serve different end uses, the fact that manufacturers of the sub-segments of the relevant product use substantially similar raw materials, rely on similar converting machinery, and distribute through common channels can be a

[3] Paragraph 7 of the COMESA Guidelines on Market Definition.
[4] See https://spcexpo.com/eng/news.asp?id=1522, accessed on 3 July 2026.
[5] See https://www.unicef.org/supply/menstrual-hygiene-products, accessed on 3 July 2026.

basis for identifying a broader market, particularly where any alternative markets was unlikely to alter the competitive analysis.[6]

21. In view of the above, and given the absence of overlaps, the CID construed the relevant product market as **the manufacture and sale of feminine hygiene absorbent products**.

Relevant Geographic Market

22. The CID noted that paragraph 8 of the Market Definition Guidelines defines the relevant geographic market as, ***"...*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*"*.**

23. The CID observed that Unicharm sells feminine hygiene absorbent products in Kenya through CFAO Kenya under an existing distribution arrangement. Further, Unicharm supplies the same category of products to customers in several Member States, including the DRC, Libya, Rwanda, and Sudan. The CID noted that these products are manufactured in Egypt and exported across multiples jurisdictions within the Common Market. The CID considered that this demonstrated the existence of cross-border regional trade flows in feminine hygiene absorbent products within the Common Market.

24. The CID further observed that the proposed JV is initially intended to take over CFAO Kenya's distribution activities relating to Unicharm's feminine hygiene absorbent products in Kenya, and in the long term, the parties envisage expanding the JV's operations to include local manufacture of feminine hygiene absorbent products in Kenya, followed by sales in Kenya and Uganda. This suggested that the JV is not intended to be limited to a purely national sales arrangement but rather formed part of a broader regional supply and expansion strategy targeting multiple Member States within the Common Market.

25. In light of this, the CID noted the regional nature of the sales arrangement, the existence of cross-border trade within the Common Market, and suppliers' ability to distribute feminine hygiene absorbent products across multiple Member States from centralized manufacturing facilities. In particular, Unicharm manufactures the relevant products in Egypt and supplies them to several Member States, including Kenya. The CID further noted the parties' submission that these products are lightweight and easy to transport, making them readily importable and there are no significant barriers to establishing an import or distribution business.

[6] See the Decision of the 124th Meeting of the CID regarding the proposed acquisition of the Global Cellulose Fibers business of International Paper Company by AIPCF VIII Global Corp Holding LP.

26. The CID considered that these factors suggested that the geographic scope of the relevant market is likely wider than the Common Market and potentially global. The CID further noted that in its previous decisions, a similar approach was adopted where the relevant geographic market for broad market of the manufacture and sale of hygiene absorbent products was considered to be global, given the international nature of trade in such products.[7]

27. In view of the foregoing and given the absence of overlap, the CID considered the relevant geographic market for the manufacture and sale of feminine hygiene absorbent products to be global.

Conclusion on Relevant Markets

28. Based on the foregoing assessment, and without prejudice to the CID's approach in similar future cases, the relevant market was identified as **the global market for the manufacture and sale of feminine hygiene products**.

Consideration of Substantial Lessening of Competition or "Effect" Test

Market Shares and Concentration

29. The CID observed that Unicharm is currently active in the manufacture and sale of feminine hygiene absorbent products in Egypt. The CID noted the estimated market shares for Unicharm, and its main competitors as presented in Table 1 below. The CID noted the submission by the parties that the industry is unregulated, and that no publicly available data exists on market size or competitors' shares.

Table 1: Estimate market shares of players in the feminine hygiene absorbent products market in Egypt[8]

Name of players	Estimated Market Shares (%)
Procter and Gamble Egypt	[redacted]
Unicharm	[redacted]
Hayat Egypt Hygiene products	[redacted]
Others	[redacted]
Total	**100**

30. The CID noted that according to Table 1, the market for the manufacture and sale of feminine hygiene products in Egypt is concentrated, with Procter and Gamble Egypt and Unicharm together accounting for [redacted]% of the market. However, the CID observed that the proposed formation of the JV is unlikely to affect the market

[7] See the Decision of the 124th Meeting of the CID regarding the proposed acquisition of the Global Cellulose Fibers business of International Paper Company by AIPCF VIII Global Corp Holding LP.
[8] Information claimed as confidential by the merging parties.

structure in Egypt given that the JV is a newly established and not intended to operate in Egypt.

Table 2: Estimate market shares of players in the feminine hygiene absorbent products market in Kenya[9]

Name of players	Estimated Market Shares (%)
Softcare Kenya Company Limited	[redacted]
Procter and Gamble (East Africa) Limited	[redacted]
Unicharm (through CFAO Kenya)	[redacted]
Others	[redacted]
Total	**100**

31. The CID noted from Table 2 that Unicharm has a limited presence in Kenya, with an estimated market share of about [redacted]%. Its products are currently distributed in Kenya by CFAO Kenya under a distribution agreement that will be transferred to the JV upon implementation of the proposed transaction. The CID further observed that Softcare Kenya Company Limited and Procter and Gamble (East Africa) Limited are the market leaders in the Kenya market.

32. The CID observed that the transaction is unlikely to alter the existing market structure in Kenya, as the JV's parent companies do not operate in competing product markets. In addition, the JV will continue with CFAO Kenya's current distribution activities since it currently has no operations in the relevant market. The CID also noted that the JV will continue to face competitive constraints from several major players active within the Common Market as the it expands the manufacture and sale of the relevant products in Kenya. The CID further observed that the market is also characterised by the presence of strong multinational brands including Kimberly – Clark (Kotex)[10], and P&G (Always).[11]

Determination

33. The CID was satisfied that, pursuant to Article 26 of the Regulations, the merger was 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 was further satisfied that the merger was unlikely to negatively affect trade between Member States.

[9] Information claimed as confidential by the merging parties.
[10] See https://www.kimberly-clark.com/en-us/brands/feminine-care, accessed on 3 July 2026.
[11] See https://www.always.co.uk/en-gb/, accessed on 3 July 2026.

34. The CID, therefore, approved the transaction pursuant to Article 26 of the Regulations.

Dated this 3rd day of July 2026

Commissioner Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma **Commissioner Luyamba Kizito Mpamba**