



Advancing Regional Integration  
through Competitive Markets  
and Empowered Consumers

**Case File No. CCC/MER/12/56/2025**

**Decision<sup>1</sup> of the 127<sup>th</sup> Meeting of the Committee Responsible  
for Initial Determinations Regarding the Proposed Merger  
between Arla Foods amba, Deutsches Milchkontor eG, and  
Drents Overijsselse Coöperatie Kaas U.A**

**ECONOMIC SECTOR: Dairy and dairy products**



**15 May 2026**

<sup>1</sup> 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 (the “**Regulations**”):

Desirous of the overruling 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 2 March 2026, the COMESA Competition and Consumer Commission (the “**Commission**”) received a notification of a merger regarding the proposed transaction between Arla Foods amba (“**Arla**”, or the “**Acquiring Firm**”) and Deutsches Milchkontor eG (“**DMK eG**”), and Drents Overijsselse Cooperatie Kaas U.A. (“**DOC**”), together the (“**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.

### The Parties

#### *Arla (the “Acquiring Firm”)*

3. Arla is a dairy cooperative owned by farmers across seven European countries, namely Denmark, Sweden, the United Kingdom, Germany, Belgium, Luxembourg, and the Netherlands. Arla is active in the procurement and processing of raw milk,



as well as in the production and sale of a wide range of dairy products, including fresh milk, butter, yoghurt, cream, cheese, and ingredients.

4. Arla is headquartered in Denmark but operates globally across multiple regions. Within the Common Market, Arla operates in the Democratic Republic of Congo, Djibouti, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Seychelles, Sudan, Tunisia, and Zimbabwe.

### ***The Target Group***

#### *DMK eG*

5. DMK eG is a cooperative of approximately 4,000 German dairy farmers and owns 90% of the shares in DMK GmbH, a dairy company based in Germany. DMK GmbH is the operating company of DMK eG and DOC and is responsible for procurement and processing of raw milk and production and supply of dairy products, including basic milk products, cheese, baby food, ice cream, and dairy ingredients. DMK eG sells its products globally.
6. Within the Common Market, DMK eG operates in Comoros, Egypt, Libya, Mauritius, Seychelles, and Tunisia.

#### *DOC*

7. DOC is a Dutch dairy cooperative of approximately 600 farmers. The parties submitted that since 2016, DOC has owned the remaining 10% of the shares in DMK GmbH and is responsible for supplying milk to it for processing.
8. The parties submitted that DOC collects milk from its farmer members and supplies the milk to DMK GmbH, which uses it to make a wide range of dairy products. The parties further submitted that DOC [REDACTED] in the Common Market.

### **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 USD50 million in the Common Market and they each derived a 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**

11. The transaction involves the proposed acquisition by Arla of DMK eG and DOC, including 100% of the shares in DMK Deutsches Milchkontor GmbH (“**DMK GmbH**” and, together with DMK eG, “**DMK**”), and the individual farmer members of DMK eG and DOC who will, through a series of inter-related steps, become direct members of Arla.

### **Competition Analysis**

#### ***Consideration of the Relevant Markets***

12. 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***

13. 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**”.<sup>2</sup>
14. It is recalled that the merging parties are both active in the production and supply of dairy products. The CID observed that the parties' activities in the Common Market overlap with respect to the supply of cheese, fresh and UHT milk, dairy liquid cream, dairy ingredients, and powdered milk.

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<sup>2</sup> Paragraph 7 of the COMESA Guidelines on Market Definition



### Supply of milk

15. The CID observed that milk can be supplied to the market in fresh and long-life (ultra-high temperatures or UHT) forms. The CID noted that fresh milk is liquid milk with a standard fat content, which is produced from raw milk that is first skimmed and subsequently pasteurised at 72° Celsius for 15 seconds while long-life milk is a liquid milk product from raw milk either produced through sterilisation or UHT treatment and can be kept for six months at room temperature.
16. The CID recalled that it<sup>3</sup> has previously considered that fresh milk and UHT (long-life) milk as distinct markets since the former requires storage in a refrigerated place while the latter may be kept for months at room temperature unless the packaging has been opened for use, after which the product must be refrigerated. The CID had also considered that the difference between fresh and UHT (long-life) milk relates to how the respective products are processed. Fresh milk and long-life milk are distinguishable considering the former is a product of pasteurization while the latter undergoes UHT process with the main difference being the temperature up to which the raw milk is treated which has implications on their storage and distribution.
17. The CID was of the considered view that liquid milk can be distinguished into fresh and long-life milk. The CID observed that the merging parties do not supply fresh milk in the Common Market. The parties' activities in the Common Market overlap only with respect to UHT milk to retail and foodservice channels.
18. Whilst acknowledging the potential for further segmentation of the UHT milk market based on distribution channels as retail and foodservice channels, the CID was of the view that the precise definition may be left open as the competitive assessment will not change under any plausible narrower product market definition.
19. For purpose of assessment of this transaction, the CID **identified a market as the supply of UHT milk.**

### Supply of powdered milk

20. The CID noted that powdered milk (also referred to as dried milk) is a dairy product obtained by removing the water content from fresh cow's milk through processes such as evaporation and spray drying.<sup>4</sup> The production process involves pasteurising of liquid milk, concentration through evaporation, and subsequent spray-drying to produce a fine powder. Due to its low moisture content, powdered milk has a significantly extended shelf life and can be stored and transported under a wide range of conditions, making it cost-effective and convenient.

<sup>3</sup> See Decision of the 105<sup>th</sup> Meeting of the Committee Responsible for Initial Determinations regarding the proposed merger involving Maziwa and Highland Creamers & Food Limited

<sup>4</sup> Ibid.



21. The CID observed that powdered milk is used in variety applications, including infant formula, baking, and as an ingredient in confectionery products such as candies and chocolates. The CID further noted that powdered milk is also available in different forms, including whole, skim and non-fat varieties, which cater to different nutritional and functional requirements. Given, the differences in production processes, physical characteristics, storage properties, and end uses, the CID was of the view that powdered milk is distinguishable from other dairy products.
22. The CID, therefore, defined a market for **the supply of powdered milk as a separate relevant market.**

Supply of Cheese

23. The CID noted that cheese is a dairy product made by curdling milk and is composed of protein and fat. Cheese making involves coagulating the casein protein in milk and then separating the milk into solid curds and liquid whey. The liquid whey is drained away, and the curds are shaped, salted, and aged to develop flavour and texture.
24. The CID recalled its previous view<sup>5</sup> that cheese production comprises of soft cheese (white) production, processed cheese and hard cheese which differ in terms of physical characteristics such as percentage of moisture; percentage of salt; the type of fat used; texture and the manufacturing operation. The CID further observed that cheeses can be categorised based on their differences in taste, fat content, and texture into hard cheeses, hard/semi-hard cheeses, semi-hard cheeses, soft cheeses, fresh cheeses, and spreadable cheeses.
25. The CID observed from the parties' submissions that these products are distinct due to their differences in taste, fat content, and texture, notably,
- (i) Hard cheeses (e.g., Parmigiano Reggiano, Grana Padano, and pecorino) are characterised by a very firm, slightly crystallised texture and a strong, complex flavour that intensifies with aging. These different types of cheese are used in cooking, tapas dishes, and as cold cuts.
  - (ii) Hard/semi-hard cheeses (e.g., gouda, edam, maasdam, etc.), emmenthal, tilsit, cheddar, manchego, danbo, havarti, samso, esrom, prastost) are characterised by a firm texture (but not as dry and crumbly as hard cheeses) and a deep, often nutty flavour that intensifies with maturation. The CID noted the parties' further submissions that certain varieties of cheese, including cheddar, gouda and havarti, can be categorized as hard or hard/semi-hard depending primarily on their aging duration and resulting moisture content. For example, gouda aged for approximately 3 to 8 weeks is considered hard/semihard, while gouda matured for 9 to 18 months falls into the hard category.

<sup>5</sup> See Decision of the 124<sup>th</sup> Meeting of the Committee Responsible for Final Determinations regarding proposed acquisition by B.S.A. SAS of sole control of Mainland Group Holdings Limited.



- (iii) Semi-hard cheeses (e.g., asiago, fontina, provolone) are characterised by a firm yet elastic and easily cuttable texture.
  - (iv) Soft cheeses (e.g., crescenza, taleggio, gorgonzola, brie) have a higher moisture content, making them soft and creamy. They have a complex, full-bodied and often smoky flavour that can range from mild to strong depending on the degree of ripening and mould content.
  - (v) Fresh cheeses (e.g., mozzarella, ricotta, mascarpone, robiola, feta, cottage cheese) are characterised by a soft, moist, and often creamy texture. These cheeses are not aged and are commonly used as fresh ingredients in salads and other dishes, adding a fresh and slightly salty flavour.
  - (vi) Spreadable cheeses have a soft (spoonable) texture and include cheeses that can be spread out, such as cream cheese and soft processed cheese.
26. The CID was of the view that hard cheeses, hard/semi-hard cheeses, semi-hard cheeses, soft cheeses, fresh cheeses, and spreadable cheeses are distinct product markets. The CID noted that the parties' activities in the Common Market overlap only with respect to hard/semi-hard cheese (including specifically gouda and cheddar) and fresh cheese (including specifically mozzarella).
27. The CID therefore identified the markets for the supply of **hard/semi-hard cheese (including specifically gouda and cheddar) and mozzarella cheese** as separate relevant markets.

#### Supply of Cream

28. The CID observed that cream is the high-fat component that rises to the surface of milk before it is homogenized. It consists of an emulsion of fat and water, with fat content typically ranging from 30% to 55%.<sup>6</sup> The CID noted the parties' submissions that cream is produced by skimming fat from the top of whole milk. The fat component may be derived from dairy or non-dairy sources or a combination of both. Dairy cream is obtained from the nature fat content of milk, whereas non-dairy cream is produced using vegetable-based fats, such as coconut or sunflower fat.
29. The CID noted that cream is available in different forms, including liquid cream and spray cream. Spray cream consists of liquid cream combined with pressurised gas and packed in aerosol can. Liquid cream is available in both pasteurised and UHT treated forms. Pasteurised liquid cream has a shelf life of generally four weeks and require refrigeration and is therefore considered fresh. In contrast, UHT-treated liquid cream has a significantly longer shelf life, often extending to several months, and

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<sup>6</sup> See Decision of the 105<sup>th</sup> Meeting of the Committee Responsible for Initial Determinations regarding the proposed merger involving Maziwa and Highland Creamers & Food Limited.



does not require refrigeration prior to opening. These differences in storage, shelf life, and handling may support distinguishing liquid cream as a separate market.

30. The CID considered that within the Common Market, Arla supplies dairy liquid cream to both the retail and foodservice channels, while DMK eG supplies dairy liquid cream exclusively to the foodservice channel. Therefore, the overlap is limited to dairy liquid cream for the foodservice channel.

31. The CID therefore defined a market for **the supply of liquid cream.**

Supply of dairy ingredients

32. The CID noted that the parties are active in the supply of dairy ingredients, including whey permeate, lactose, and whey protein concentrate (“**WPC**”). The CID noted the parties’ submissions that permeate is a by-product of the ultrafiltration process used in the production of WPC and during this process, proteins and fats are retained, while the remaining liquid fraction, referred to as permeate, passes through the filtration membrane.

33. The CID noted the parties’ further submissions that this liquid permeate consists predominantly of water (approximately 95%), with the remaining solids comprising mainly lactose and naturally occurring minerals such as potassium and calcium. Liquid permeate may subsequently be processed through evaporation, crystallisation, and drying to produce permeate powder, which has a higher concentration of lactose and minerals, as well as an extended shelf life.

34. The CID considered that further segmentation of whey-based substitutable ingredients market was not necessary for purposes of this assessment, as the competitive assessment of the proposed transaction is not likely to be altered under any plausible narrower market definition.

35. Based on the foregoing assessment and without prejudice to the CID’s approach in similar future cases, the relevant product markets were determined as:

- a. **The supply of UHT milk;**
- b. **The supply of powdered milk;**
- c. **The supply of hard/semi-hard cheese;**
- d. **The supply of mozzarella cheese;**
- e. **The supply of dairy liquid cream; and**
- f. **The supply of whey-based substitutable ingredients.**



### *Relevant Geographic Market*

36. 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**”.
37. The CID noted that Arla and DMK eG generate turnover from the Common Market through the supply of UHT milk, powdered milk, hard/semi-hard cheese, fresh cheese (specifically mozzarella), liquid cream, and whey-based substitutable ingredients dairy products to their customers located across the Common Market. The CID, therefore, considered that the cross-border nature of these supply activities suggests that the relevant geographic scope of these dairy products is unlikely to be confined to national boundaries and is at least COMESA-wide.
38. The CID observed from the supply perspective that imports constitute a significant competitive constraint, with retailers across the Common Market sourcing dairy products from suppliers outside their national territories. The CID considered that products such as cheese, long-life milk, and whey-based ingredients are particularly amenable to cross-border trade due to their long shelf life, high value-to-volume ratio, and relatively low transportation costs. On the supply side, therefore, imports exert a significant competitive constraint across the Common Market. The CID observed that traders throughout the region routinely stock cheese and other dairy products sourced from outside their national territories, which compete directly with domestically produced alternatives. The CID considered that these features further demonstrate broader geographic boundaries of these product markets.
39. The CID also observed the presence of regional frameworks such as the COMESA Treaty,<sup>7</sup> and several programs and strategic initiatives (including the Simplified Trade Regime) which facilitate the trade of dairy products among Member States. These frameworks focus on removing tariffs, harmonizing health standards, and simplifying border procedures for small-scale traders, facilitating intra-Member State trade. For instance, the CID observed that Uganda has emerged as a leading regional exporter, particularly for milk powder, UHT milk and butter in the Common Market and beyond.<sup>8</sup>



<sup>7</sup> See [Comesa-Treaty.pdf](#), accessed on 21 April 2026.

<sup>8</sup> See <https://www.comesa.int/programme-activities-trade-liberalization/>, accessed on 13 May 2026.

40. The CID noted that it has previously determined that the geographic scope of long-life milk market was likely to extend beyond the national boundaries to at least COMESA-wide.<sup>9</sup>
41. The CID defined the relevant geographic markets for the supply of UHT milk, powdered milk, hard/semi-hard cheese, fresh cheese (specifically mozzarella), liquid cream, and whey-based substitutable ingredients to be at least COMESA-wide.

*Conclusion on Relevant Markets*

42. Based on the foregoing, and without prejudice to the CID’s approach in similar future cases, the relevant markets have been identified as the supply of:
  - a. **UHT milk to be at least COMESA-wide;**
  - b. **powdered milk to be at least COMESA-wide;**
  - c. **hard/semi-hard cheese to be at least COMESA-wide;**
  - d. **mozzarella cheese to be at least COMESA-wide;**
  - e. **dairy liquid cream to be at least COMESA-wide; and**
  - f. **whey-based substitutable ingredients to be at least COMESA-wide.**

**Consideration of Substantial Lessening of Competition or “Effect” Test**

*Market Shares and Concentration*

43. The CID noted the parties’ submissions of estimates of their own market shares for the supply of UHT milk, powdered milk, hard/semi-hard cheese, cheese – mozzarella, liquid cream, and whey-based substitutable ingredients dairy products within the Common Market, as presented in Table 1 below.

**Table 1: Estimate market shares of the merging parties in the supply of the relevant products in the Common Market<sup>10</sup>**

Relevant Market	Arla (Acquiring Firm)	DMK eG (Target Group)
UHT Milk	<5%	<5%
Powdered Milk	<5%	<5%
Hard/semi-hard cheese (foodservice)	<5%	<5%
Fresh cheese (mozzarella)	<5%	<5%

<sup>9</sup> See Decision of the 105<sup>th</sup> Meeting of the Committee Responsible for Initial Determinations regarding the proposed merger involving Maziwa and Highland Creamers & Food Limited.

<sup>10</sup> Information claimed as confidential by the merging parties.



cream	<5%	<5%
Whey-based substitutable ingredients	<5%	<5%

44. From the information in Table 1 above, the CID noted that the transaction results in an insignificant market share accretion in all the identified relevant markets.

Supply of UHT Milk

45. The CID observed that in the UHT milk market, both merging parties each hold a market share of less than 5%. The CID observed that post-transaction, the merged entity is expected to hold a combined market share of less than 5% in the Common Market. Given that the market share accretion is below 5%, the CID considered this increase to be negligible and unlikely to significantly alter the existing market structure.

46. The CID observed that the parties' estimated market shares at the narrower national level, specifically in [REDACTED] - the only Member State where both parties supply UHT milk, are minimal. In particular, Arla holds approximately 5-10% and DMK eG accounts for less than 5%.

Supply of powdered milk

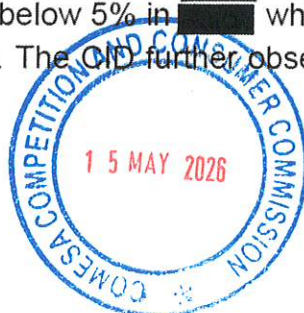
47. The CID observed that the proposed transaction will result in the merged entity holding a market share of less than 5% in the Common Market. The CID noted that the market share accretion resulting from the proposed merger is less than 5%, which is considered insignificant and unlikely to materially affect the current market structure.

48. The CID observed that the parties' estimated market shares at the narrower national level, specifically in [REDACTED] - the only Member State where both parties supply powdered milk, are [REDACTED]. The CID in particular noted that Arla holds approximately 10-15% and DMK eG accounts for less than 5%.

Supply of hard/semi-hard cheese

49. In the market for hard and semi-hard cheese, the CID noted that the merged entity is expected to hold a market share of less than 5%, with each party contributing less than 5%. The CID was of the view that this [REDACTED] combined share will not affect the competitive nature of the existing market, as the merged entity will continue to face substantial competition from other several market players.

50. The CID observed that the parties estimated market shares at the narrower national level, specifically in [REDACTED] and [REDACTED] - the only Member States where both parties supply hard/semi-hard cheese, are not significant. In particular, Arla holds below 5% and DMK eG below 5% in [REDACTED] while each hold 5-10% and below 5% in [REDACTED], respectively. The CID further observed that the merged entity's market



share in [REDACTED] and [REDACTED] will remain below 5% and 5-10%, respectively, with vast majority of the market share continuing to be served by several other competitors.

Supply of mozzarella cheese

51. Regarding the supply of fresh cheese, specifically mozzarella, the CID observed that the merged entity will hold a market share of less than 5% in the Common Market. The CID further noted that the market share accretion resulting from the proposed transaction is below 5% and hence CID noted that the accretion was unlikely to significantly impact the existing market structure.
52. The CID observed that the parties' estimated market shares were not significant at the narrower national level, specifically in [REDACTED] - the only Member State where both parties supply mozzarella cheese. The CID noted that Arla holds a market share of 5-10% and DMK eG holds a market share of 5-10% in [REDACTED]. The CID further observed that the merged entity's market share in [REDACTED] will remain 10-15%, with the vast majority of the market share continuing to be served by several other competitors.

Supply of cream

53. In the broader cream market, the CID observed that the merged entity will have a combined market share of less than 5% in the Common Market, with each party contributing less than 5%. The CID further noted that the market share accretion resulting from the proposed transaction is below 5%, which is unlikely to significantly impact the existing market structure.
54. The CID observed that the parties' estimated market shares at the narrower national level, specifically in [REDACTED], the only Member State where both parties supply cream, as not significant. In particular, both Arla and DMK eG hold approximately 5-10% market share in [REDACTED]. The CID further observed that the merged entity's market share in [REDACTED] will remain 10-15%, with the vast majority of the market share continuing to be served by several other competitors.

Supply of whey-based substitutable ingredients

55. In the market for whey-based substitutable ingredients, the CID noted that the proposed transaction will result in the merged entity holding a market share of less than 5% in the Common Market. The market share accretion attributable to the merger was below 5%, which the CID considered insignificant and unlikely to affect the prevailing market structure.
56. The CID observed that the parties' estimated market shares at the narrower national level, specifically in [REDACTED] the only Member State where both parties' supply whey-based substitutable ingredients, as not significant. In particular, Arla holds 5-10%



market share and DMK eG holds less 5% market share in [REDACTED]. The CID further observed that the merged entity's market share in [REDACTED] will remain 5-10%, with the vast majority of the market share continuing to be served by several other competitors.

57. The CID was of the considered view that import competition in the Common market is likely to be strong in the defined markets.
58. The CID therefore was of the considered view that the relevant markets are likely to remain competitive post-merger given the transaction results in minimal market share accretion in the identified relevant markets. Further, the CID was of the view that the effect of import competition in the dairy industry cannot not be ignored, and this is likely to continue to put competitive pressure on the merged entity.

### **Determination**

59. The CID, therefore, determined that 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 further determined that the transaction was unlikely to negatively affect trade between Member States.
60. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 15<sup>th</sup> day of May 2026

**Commissioner Mahmoud Momtaz (Chairperson)**

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

