COMMISSION DE LA CONCURRENCE ET DE LA CONSOMMATION DU COMESA
لجنة المنافسة و حماية المستهلك
CCCC
COMESA COMPETITION AND CONSUMER COMMISSION

Case File No. CCC/MER/10/38/2025

Decision[1] of the 124th Meeting of the Committee Responsible for Initial Determinations Regarding the Proposed Acquisition of One Aircraft by CL Financing Diamond Limited from KDAC Aircraft Holdings 3 Limited

ECONOMIC SECTOR: Aviation



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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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

Desirability of the overriding objective of the Treaty establishing the Common Market for Eastern and Southern Africa (the "**Treaty**"), namely the strengthening and achieving convergence of COMESA Member States' economies through the attainment of full market integration;

Cognisant of Article 55 of the 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.

Determines as follows:

Introduction and Relevant Background

1. On 3 December 2025, the COMESA Competition Commission ("**Commission**") received a notification for approval of a merger the proposed acquisition of one aircraft (the "**COMESA Asset**", or the "**Target Asset**") by CL Financing Diamond Limited ("**CLFD**" or the "**Direct Acquirer**", from KDAC Aircraft Holding 3 Limited ("**KDAC Aircraft**", or the "**Seller**"), 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.

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The Parties

CLFD (the "Direct Acquirer")

4. CLFD is a limited liability company incorporated under the laws of the Cayman Islands and owned by funds managed by Castlelake L.P ("**Castlelake**"), a US based, global alternative investment firm. CLFD owns commercial aircraft and aviation assets globally, which are serviced by Castlelake. Castlelake is active in the global market for dry aircraft leasing services.

5. In the Common Market, the acquiring group operates in the Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Madagascar, Mauritius, Seychelles, Tunisia, Uganda and Zimbabwe.

The Target Asset

6. Target Asset is [redacted] which operates in COMESA (the "**COMESA Asset**") and has associated leases, being part of KDAC Aircraft.

7. KDAC Aircraft is controlled by KDAC. KDAC is a private company limited by shares incorporated under the laws of Ireland. KDAC owns commercial aircraft and aviation assets globally. KDAC's line of business includes providing intermediate and long-term general and industrial credit.

Jurisdiction of the Commission

8. 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".*

9. 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

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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

10. The notified transaction concerns the acquisition by CLFD of [redacted] the COMESA Asset, from KDAC Aircraft. In addition, CLFD will also acquire [redacted] which are leased to third-party customers registered and operated outside of the Common Market.

Competition Analysis

Consideration of the Relevant Markets

11. 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

12. The CID noted that the acquiring group was active in aircraft dry leasing in the Common Market. Further, the Target Asset (the COMESA Asset) operates in dry leasing of narrow body larger passenger aircraft in [redacted].

13. The CID observed that the proposed transaction raises horizontal overlaps within the Common Market in the market for aircraft dry leasing services since both parties are involved in this market. Thus, the CID focused its assessment of the product market on the dry leasing of passenger aircraft, being the services where both parties are active within the Common Market.

Aircraft leasing services

14. The CID observed that aircraft leasing has become a dominant financing method in the aviation sector enabling airlines to acquire aircraft without significant upfront costs of purchasing.[2] Leasing allows airlines to respond swiftly to fluctuations in demand, enhance flight frequency, or launch new routes. Depending on the operational need, aircraft leasing arrangements can range from short-term (usually up to three months), medium-term (three months to one year), and long-term (exceeding one year).[3] The intended purpose of the lease typically determines its duration. For example, short-term leases are often used to address temporary capacity shortfalls due to unanticipated demand spikes or aircraft maintenance issues. Medium-term leases may be employed when aircraft deliveries are delayed, while long-term leases are commonly used to support the expansion of an airline's route network.

[2] The Accelerating Importance of Aircraft Leasing - UDS Aviation, accessed on 30 June 2025.
[3] See Case File No. CCC/MER/02/102025: the 118th Meeting of the CID regarding merger involving Dubai Aerospace Enterprise Ltd and Nordic Aviation Capital Designated Activity Company; and Case File No. CCC/MER/06/24/2024: the 110th Meeting of the CID regarding merger involving Brookfield CL Holdings LLC, Castlelake Group Topco, L.P. and Castlelake Group GP, LLC.

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15. The CID observed that two types of leasing arrangements can be identified, namely operating lease and finance lease. An operating lease is typically a short- to medium-term arrangement in which the lessee obtains the right to use the aircraft for a defined period and returns the aircraft to the lessor at the end of the lease, with no ownership transfer.[4] In contrast, a finance lease is a long-term arrangement where the lessee assumes most of the risks and rewards of ownership and often has the option to purchase the aircraft at the end of the lease term. Based on its previous decisional practice,[5] the CID considered the two aircraft leasing arrangements as distinct depending on the extent to which risks and rewards attached to the ownership of the asset have been transferred to the lessee from the lessor. For the foregoing reasons and in line with the case precedents, the CID considered operating and finance leases to constitute separate product markets.

16. The CID also observed that within the aircraft operating lease segment, there exists distinct market based on the scope of services bundled with the leased aircraft.[6] Specifically, aircraft operating leases can be categorised as dry leasing, wet leasing, and damp leasing.[7]

17. Dry leasing involves the leasing of an aircraft without any accompanying crew, maintenance, or insurance services. The lessee assumes full operational responsibility for the operations of the aircraft, including providing own crew, maintenance, and insurance.[8] Such as arrangements are mostly utilised by established carriers with sufficient operational infrastructure and personnel but with shortfalls in aircraft availability. The aircraft is operated on the Air Operator Certificate (AOC) of the Lessee.[9]

18. In contrast, a wet lease involves leasing an aircraft with its crew, maintenance, and insurance provided by the lessor. Under a wet-leasing agreement, the lessor operates the flights using its own AOC and resources, for which it receives an income from the lessee which is usually a fixed price per block hour.[10] This income would be unrelated to ticket prices and aircraft load factor. The flights are flown under the lessee's code, and it is the lessee who sells the tickets and provides passenger and ground handling services. Wet leases are generally used by airlines that require temporary capacity but do not have the necessary crew, maintenance and insurance capacity to operate additional aircraft.

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[4] The Accelerating Importance of Aircraft Leasing - UDS Aviation, accessed on 30 June 2025.
[5] See Case File No. CCC/MER/02/102025: the 118th Meeting of the CID regarding merger involving Dubai Aerospace Enterprise Ltd and Nordic Aviation Capital Designated Activity Company; Case File No. CCC/MER/06/24/2024: the 110th Meeting of the CID regarding merger involving Brookfield CL Holdings LLC, Castlelake Group Topco, L.P. and Castlelake Group GP, LLC; Case File No. CCC/MER/06/29/2022: the 86th of Meeting of the CID regarding merger involving SMBC Aviation Capital Limited and Goshawk Management Limited; and Case File No. CCC/MER/12/36/2023: the 106th Meeting of the CID regarding the merger involving Avia Solutions Group (ASG) PLC and AirExplore, s.r.o.
[6] See Case File No. CCC/MER/06/24/2024: the 110th Meeting of the CID regarding merger involving Brookfield CL Holdings LLC, Castlelake Group Topco, L.P. and Castlelake Group GP, LLC; Case File No. CCC/MER/06/29/2022: the 86th of Meeting of the CID regarding merger involving SMBC Aviation Capital Limited and Goshawk Management Limited; and Case File No. CCC/MER/12/36/2023: the 106th Meeting of the CID regarding the merger involving Avia Solutions Group (ASG) PLC and AirExplore, s.r.o.
[7] https://www.aviationfile.com/wp-content/uploads/2020/08/Aircraft-leasing-1024x635.jpg, accessed 30 June 2025.
[8] The Accelerating Importance of Aircraft Leasing - UDS Aviation, accessed on 30 June 2025.
[9] https://www.iata.org/contentassets/b94a0e7f14694efe8b72ca1b73052f05/ac-leases-4th-edition.pdf, accessed on 30 June 2025.
[10] See para. 18 of Case M.9062 - Fortress Investment Group / AIR Investment Valencia / JV.

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19. A damp lease constitutes a hybrid between a dry and wet lease. It involves the provision of an aircraft with partial crew and support services. For instance, the lessor may supply the aircraft, pilots, and maintenance personnel, while the lessee provides cabin crew. This type of lease is suitable for airlines that possess some operational resources but lack the full complement of personnel or services to independently operate the aircraft.

20. The CID observed that from a demand-side perspective, these different leasing models are not easily substitutable due to significant differences in their operational characteristics, cost structures, and intended purposes. For instance, an airline opting for a dry lease, often because it already has the necessary crew and infrastructure in place, would be unlikely to switch to a wet lease. Wet leases typically include aircraft, crew, maintenance, and insurance resulting in higher costs and potentially redundant services for an airline that is already equipped to handle those functions internally.

21. The CID recalled that it had previously considered that airlines with surplus crew are unlikely to opt for wet leases, which include bundled services they do not require.[11] Similarly, from a supply-side perspective, transitioning between different lease types, particularly between dry and wet leases, is not straightforward, given the distinct regulatory, financial, and operational obligations associated with each leasing arrangement.

22. Based on the foregoing and in line with case precedent, the CID considered that the provision of dry, wet and damp lease services for passenger aircraft constituted distinct product markets.

23. The CID noted that given the activities of the merging parties overlap in the provision of dry leasing services for passenger aircraft segment, the relevant product market should be considered as the market for the provision of aircraft dry leasing services for passenger aircraft.

24. The CID acknowledged the potential for narrower markets in the dry leasing market based on aircraft size or seating capacity given that airlines typically select aircraft according to route demand in order to maintain profitability. The CID noted case precedent where it considered that the dry leasing market may be segmented into large and regional aircraft categories.[12] The CID observed that large commercial aircraft are generally with more than 100 seats and a range exceeding 2,000 nautical miles, and are primarily used for long-haul, intercontinental routes. In contrast, regional aircraft

[11] Case File No. CCC/MER/02/102025: the 118th Meeting of the CID regarding merger involving Dubai Aerospace Enterprise Ltd and Nordic Aviation Capital Designated Activity Company; See Case File No. CCC/MER/06/24/2024: the 110th Meeting of the CID regarding merger involving Brookfield CL Holdings LLC, Castlelake Group Topco, L.P. and Castlelake Group GP, LLC; Case File No. CCC/MER/06/29/2022: the 86th of Meeting of the CID regarding merger involving SMBC Aviation Capital Limited and Goshawk Management Limited; and Case File No. CCC/MER/12/36/2023: the 106th Meeting of the CID regarding the merger involving Avia Solutions Group (ASG) PLC and AirExplore, s.r.o.

[12] Case File No. CCC/MER/02/102025: the 118th Meeting of the CID regarding merger involving Dubai Aerospace Enterprise Ltd and Nordic Aviation Capital Designated Activity Company; See Case File No. CCC/MER/06/24/2024: the 110th Meeting of the CID regarding merger involving Brookfield CL Holdings LLC, Castlelake Group Topco, L.P. and Castlelake Group GP, LLC, and See Case No CCC/MER/2/32023 – Drake Asset Management Jersey Limited and Palma Ibdar Aviation Limited, decision dated 28 August 2023.

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typically have seating capacities between 30 and 100 and ranges of less than 2,000 nautical miles, making them more suitable for short-haul, regional routes.[13]

25. Based on the above and given that both the acquiring group and the target assets were active in the provision of dry leasing services for large passenger aircraft, the CID considered a narrower market for **dry leasing services for large passenger aircraft to be distinct.**

26. The CID observed that the market for dry leasing services for large aircraft may be further segmented into narrow-body and wide-body aircraft, depending on the size and seating capacity. The CID noted that the Target Asset and the Acquiring Group were active in the dry leasing of the narrow-body and wide-body segments.[14] The CID considered that the markets for the dry lease services for narrow-body passenger aircrafts and wide-body passenger aircrafts are distinct since aircrafts with different capacity are not substitutable as an airline would choose the aircraft type to be deployed on a specific route according to the actual or expected demand on a route to be able to operate the aircraft on a profitable basis.

27. Consistent with its approach in similar previous cases and considering the nature of the Target Asset, the CID determined the relevant product market as the **market for dry leasing of narrow body large passenger aircraft.**

28. On the basis of the foregoing assessment, and without prejudice to its future approach in similar cases, **the CID construed the relevant product market as market for dry leasing of narrow body large passenger aircraft**.

Relevant Geographic Market

29. Paragraph 8 of the Market Definition 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".***

30. The CID observed that the geographic scope for the supply of dry lease services for both narrow and wide body large passenger aircraft is likely to be global as most aircraft leasing companies operate on a global scale. Most aircraft leasing companies typically conduct business internationally, with a high degree of cross-border activity that supports the view that competition in this sector is global rather than regional or national. For instance, the leading aircraft leasing companies[15] such as AerCap Holdings N.V. (headquartered in Ireland), Avolon (based on Ireland), SMBC Aviation

[13] Similarly, the European Commission ("EC"), while leaving the market open, has recognized that regional aircraft (30–100 seats, <2,000 nautical miles range) and large aircraft (>100 seats, >2,000 nautical miles range) are not substitutable due to differences in technical features, pricing, and intended use. See paraphs 217 and 219 of Case M.9287 – Connect Airways/Flybe, decision dated 05/07/2019.
[14] The EC, in earlier cases, while leaving open the precise market definition, acknowledged a potential distinction between narrow-body aircraft (100–200 seats) and wide-body aircraft (200–400+ seats). See paraphs 217 and 219 of Case M.9287 – Connect Airways/Flybe, decision dated 05/07/2019.
[15] https://udsaviation.com/2024/10/18/aircraft-leasing-industry-overview/, accessed on 30 June 2025.

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Capital (based on Ireland), Air Lease Corporation (based on the United States), BOC Aviation (based om Singapore), and CDB Aviation (China) serve their airline clients across different continents globally.

31. The CID further observed that aircraft models are highly standardized and widely used by airlines across the globe. This standardization enables aircraft lessors to offer uniform products regardless of the lessee's geographic location.

32. In view of the above and in line with case precedent[16], the CID considered the geographic scope for **the dry leasing of narrow body large passenger aircraft market as global**.

Conclusion of Relevant Market Definition

33. For the purposes of assessing the proposed transaction, and without prejudice to its approach in future similar cases, the CID identified the relevant market **as global market for dry leasing of narrow body large passenger aircraft**.

Consideration of Substantial Lessening of Competition or "Effect" Test

Market Shares and Concentration

34. The CID noted that the Target Asset is registered and operated by a third-party lessee in [redacted] Castlelake does not own any aircraft in [redacted]. However, Castlelake is active in the dry leasing of aircraft globally, including to a very limited extent in the Common Market. Therefore, there is a minor technical overlap between the activities of Castlelake and the COMESA Asset. The parties further submitted that this minor technical overlap does not lead to a substantial prevention or lessening of competition, as Castlelake's market share will remain limited in any plausible market, and Castlelake will continue to face competition from a large number of established competitors, globally and within the Common Market. The number of competitors active in the dry leasing of aircraft will remain unchanged following the proposed transaction.

35. The CID noted the submission by the parties the estimated market shares of players in the global market for the provision of dry aircraft leasing services, as presented in Table 1 below:

[16] See Case File No. CCC/MER/02/102025: the 118th Meeting of the CID regarding merger involving Dubai Aerospace Enterprise Ltd and Nordic Aviation Capital Designated Activity Company; Case File No. CCC/MER/06/24/2024: the 110th Meeting of the CID regarding merger involving Brookfield CL Holdings LLC, Castlelake Group Topco, L.P. and Castlelake Group GP, LLC; Case File No. CCC/MER/06/29/2022: the 86th of Meeting of the CID regarding merger involving SMBC Aviation Capital Limited and Goshawk Management Limited; and Case File No. CCC/MER/12/36/2023: the 106th Meeting of the CID regarding the merger involving Avia Solutions Group (ASG) PLC and AirExplore, s.r.o.

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Table 1: Estimated Market Shares for the global market for the provision of dry aircraft leasing services in 2024[17]

Competitor	Volume	Market Shares (%)	
		Pre-merger	Post-merger
AerCap	[redacted]	[10-20]	[10-20]
SMBC Aviation Capital	[redacted]	[0-10]	[0-10]
Avolon	[redacted]	[0-5]	[0-5]
Air Lease Corporation	[redacted]	[0-5]	[0-5]
ICBC Leasing	[redacted]	[0-5]	[0-5]
The acquiring group[18] (Castlelake and Brookfield-through Oaktree to gather)	[redacted]	**[0-5]**	**[0-5]**
The Target Assets (including those outside COMESA)	[redacted]	**[0-5]**	
Others	[redacted]	[62-72]	[62-70]
Total	[redacted]	**100**	**100**

36. The CID observed that neither the acquiring group nor the Target Assets rank among the top global players in the broader aircraft dry leasing market, where Aercap, SMBC Aviation Capital, Avolo, Air Lease Corporation, and ICBC Leasing are among global leading players. Furthermore, the above top fife lessors collectively hold approx. [<25] % share of the global market, while the merged entity holds [<5] % and the remaining [c.70] % market share is distributed among various other players, highlighting the fragmented nature of the industry. It is further noted that the proposed transaction will result [<0.5] % market share accretion in the broader global dry aircraft leasing market, which is insignificant. Accordingly, the merging entity will remain a marginal player in these relevant markets, and the proposed transaction would not meaningfully alter existing global market dynamics. Given the limited overlap and minimal accretion of market shares, this proposed transaction is unlikely to raise competition concerns.

37. The CID considered its decisional practice[19] which revealed that the commercial aircraft leasing market, being global in scope, is characterized by intense competition, with the presence of several players vying for market leadership and differentiation. To

[17] Ibid. Confidential information claimed by merging parties.
[18] Castlelake with [redacted] aircrafts ([<5] %) and Brookfield-through Oaktree with [redacted] aircrafts ([<1] %).
[19] See Case File No. CCC/MER/05/20/2025: the 119th meeting of the CID regarding the Proposed Acquisition of Seven Aircraft by CL Financing Gold Limited from Peregrine Aviation Finance Limited and Case File No. CCC/MER/02/10/2025: the 118th Meeting of the CID regarding merger involving Dubai Aerospace Enterprise Ltd of Nordic Aviation Capital Designated Activity Company.

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stay competitive, these companies are focusing on customer-centric strategies, digital optimization, and tailored services.

38. The CID observed that given the parties combined market share is small and considering that the relevant market is fragmented, the proposed transaction will not result in the creation or strengthening of a dominant position which could lead to unilateral effects.

39. Accordingly, the CID considered that the merged entity will continue to face competition from several existing major global players and potential new entrants. Thus, the proposed transaction is unlikely to negatively impact competition in the relevant market.

Determination

40. 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.

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

Dated this 16th February 2026

Commissioner Mahmoud Momtaz (Chairperson)

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