



COMESA Competition Commission
Kang'ombe House, 5th Floor-West Wing
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 (0) 1 772 466
Email- compcom@comesa.int



**Common Market for Eastern
and Southern Africa**

CCC/MER/04/10/2019

Decision¹ of the Sixtieth (60th) Committee Responsible for Initial Determination Regarding the Proposed Merger between Finnish Fund for Industrial Cooperation Ltd and Green Resources AS

ECONOMIC SECTOR: Forestry

31st July 2019

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

B. J. H.

u/e

T.P.D

Information and Relevant Background

1. On 16th May, 2019, the Commission received a notification for approval of a merger involving the acquisition of shares in Green Resources AS (“**Green Resources**”) by Finnish Fund for Industrial Cooperation (“**Finnfund**”).
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the “Regulations”). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed 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. The Committee Responsible for Initial Determination (hereinafter referred to as “the CID”) established that the parties operate in more than one COMESA Member State. Further, the transaction satisfied the merger notification thresholds provided for under Rule 4 of the Rules of Determination of the Merger Notification Thresholds and Method of Calculation. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

Finnfund (the Acquiring Undertaking)

4. Finnfund is a development finance institution domiciled in Finland and majority owned by the Finnish Government. Finnfund has been a lender to Green Resources since 2012 together with the Norwegian development finance institution, Norfund. In the Common Market, Finnfund invests in commercial plantations and related industries such as saw mills and plywood mills and has forestry investments in Rwanda and Uganda.
5. Finnfund has operations in the following COMESA Member States: Ethiopia, Kenya, Mauritius, Rwanda and Uganda.

Green Resources (the Target Undertaking)

6. Green Resources is a company domiciled in Norway and owns 100% of Green Resources Uganda Ltd. Green Resources is a forest development and wood process company in East Africa. It has a total of 38,000 ha of standing forest in Mozambique, Tanzania and Uganda established through its planting activities. It operates East Africa’s largest sawmills in Tanzania and electricity pole and charcoal plants in Mozambique, Tanzania and Uganda. Green Resources products include logs and other forestry products from its plantations and wood products from processed forest logs mainly sawn timber and wooden transmission poles. In the Common Market, Green Resources has operations in Uganda only.

Nature of the Transaction

7. The transaction entails Finnfund will acquire shares in Green Resources held by Norfund and in addition it will convert its loans to Green Resources into equity.

B. J. H.

n. Ne.

T.P.D

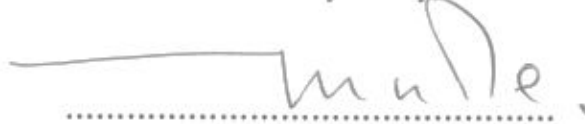
Competition Analysis

8. The CID defined the relevant markets as follows:
- a) The market for the production and supply of logs in COMESA;
 - b) The market for the production and supply of wooden electricity transmission poles in COMESA; and
 - c) The market for the production and supply of sawn timber in COMESA.
9. The CID observed that the proposed transaction will result in market share accretion in the supply of wooden electricity poles. The CID however concluded that competition will still prevail in the market for the production and supply of wooden electricity transmission since the parties' market shares will be diluted by the presence of other competitors which include small informal suppliers. Further, competition concerns will not prevail since the relevant market is COMESA-wide as such it is characterised by regional competitors.

Determination

10. The CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or any substantial part of it. The CID further determined that the transaction is not inimical to the single market imperative of the Treaty. The CID therefore approved the transaction.
11. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 31st day of July, 2019



.....

Commissioner Patrick Okilangole (Chairperson)



.....

Commissioner Brian M. Lingela



.....

Commissioner Thembelihle P. Dube Nee Dlamini