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**Common Market for Eastern  
and Southern Africa**

**Case No. CCC/MER/05/24/2018**

**Decision<sup>1</sup> of the Fourth-Fifth (45<sup>th</sup>) Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Merger Involving Liquid Telecommunications Holdings Limited and CEC Liquid Telecommunication Limited**

**ECONOMIC SECTOR:** Telecommunication Sector

**4<sup>th</sup> October, 2018 – Johannesburg, South Africa**

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

## **Information and Relevant Background**

1. On 13<sup>th</sup> June 2018, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger between Liquid Telecommunications Holdings Limited ("LTHL") as the acquirer and CEC Liquid Telecommunication Limited ("CLT") as the target. The proposed transaction meant that post-merger, LTHL will acquire sole control of CLT.
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 operated in more than one COMESA Member State. This therefore meant that the regional dimension requirement under Article 23(3) of the Regulations was satisfied and asserted jurisdiction on the Commission to assess the transaction.

## **The Parties**

### **LTHL**

4. The parties submitted that the acquirer, LTHL, is a private holding company which is incorporated in Mauritius. LTHL is a leading independent data, voice and IP provider which supply wholesale fibre optic, satellite and international carrier services to telecommunication operators, mobile network operations, ISPs and businesses of all sizes. The LTHL Group offers a developed, secure and modern communication infrastructure across the southern, central and eastern African region and internationally via multiple sea cables.
5. The parties submitted that the LTHL Group has operations in the following COMESA Member States: Democratic Republic of Congo, Kenya, Mauritius, Rwanda, Uganda, Zambia, and Zimbabwe.

### **CLT**

6. Further, the parties submitted that the target, CLT is a company operating in Zambia and is involved in the business of telecommunications, multi-media and information technology industries and in particular, the design, development and convergence of technologies. The parties submitted that CLT is one of Zambia's main carriers of international internet traffic.

## **Nature of the Transaction**

7. The transaction entails the acquisition of sole control by LTHL of CLT.

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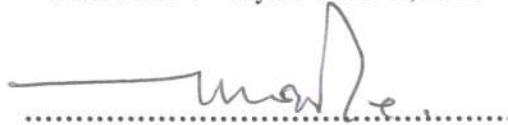
### Competition Analysis

8. The CID defined the relevant product and geographic markets as follows:
- a) Provision of wholesale and retail telecommunication services in Zambia;
  - b) Provision of payment solutions to financial institutions in Zambia; and
  - c) Provision of data storage services in Zambia.
9. The CID observed that the transaction does not lead to a change in the structure of the market since the transaction does not result in the elimination of a competitor from the market. LTHL, already held 50% shares in CLT and would increase its shareholding to 100%.

### Determination

10. The CID determined that the merger is not likely to substantially lessen competition in the Common Market and/or negatively affect trade between Member States.
11. The CID therefore approved the transaction.
12. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 4<sup>th</sup> day of October, 2018



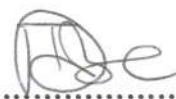
Commissioner Patrick O. Okilangole

(Chairperson)



Commissioner Brian M. Lingela

(Member)



Commissioner Thembelihle P. Dube

(Member)