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Common Market for Eastern
and Southern Africa

Case File No. CCC/MER/01/04/2019

Decision¹ of the Fifty-Seventh (57th) Committee Responsible for Initial Determination Regarding the Proposed Acquisition by Long View Aircraft Company of Canada Limited of certain assets from Bombardier Inc.

ECONOMIC SECTOR: Aviation

19th June 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 8th March 2019, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger involving Long View Aircraft Company of Canada Limited ("LACCL") and Bombardier Inc. ("Bombardier").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (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 (the "CID") established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. 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

LACCL (the Acquiring Undertaking)

4. It was submitted that LACCL, having its business seat in Canada, is a wholly-owned direct subsidiary of Longview Aviation Capital Corporation ("LAC"). LAC was established in 2016 to manage a portfolio of long-term investments in the Canadian aerospace industry, which include, in addition to LACCL, Viking Air Limited, Pacific Sky Aviation Limited, Longview Aviation Asset Management Corp., and Longview Aviation Services Inc. The parties have submitted that although LACCL and LAC do not have any operations in COMESA, Woodbridge Company Limited, a Canadian private holding company and sibling company of LAC, has sales in Egypt and Mauritius through its affiliate Thomson Reuters.

Bombardier Q Series Program (the Target Assets)

5. The target assets relate to all assets and intellectual property and Type Certificates associated with the Dash 8 series 100, 200 and 300 as well as the Q400 program operations at the Downsview manufacturing facility in Ontario, Canada (the "Q Series Program"). The Q Series Program is sold by Bombardier, a company duly registered in accordance with the laws of Canada. Bombardier is active in two principal business segments, namely aerospace and transportation. Globally, Bombardier Aerospace designs, manufactures and supports aviation products for the business, commercial, specialized and amphibious aircraft markets. In COMESA, Bombardier earns revenues from the Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Libya, and Rwanda.

Nature of the Transaction

6. The transaction concerns the proposed acquisition by LACCL of all the assets related to the Q Series Program and the de Havilland trademark from Bombardier. Therefore, post-transaction, substantially all of the assets related to the Q Series Program and the de Havilland trademark will be owned by LACCL.

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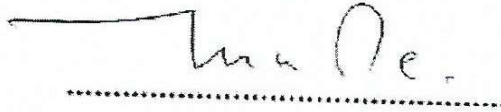
Competition Analysis

7. The CID defined the relevant markets as follows:
 - a) The global market for manufacture of commercial turbo-prop aircrafts with 20 seats or more; and
 - b) the global aftermarket for parts and services for the Q Series aircrafts.
8. The CID observed that the proposed transaction will not result in a change in the market structure as the parties do not have overlapping activities in the provision of their services in the Common Market.

Determination

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


Dated this 19th day of June, 2019



Commissioner Patrick Okilangole (Chairperson)



Commissioner Brian Lingela
(Member)



Commissioner Thembelilhe Dube Nee Dlamini
(Member)