



THE PROPOSED ACQUISITION OF THE PLASTIC MANUFACTURING BUSINESS OF METRO PLASTICS (KENYA) LIMITED BY METRO CONCEPTS EAST AFRICA LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of the plastics manufacturing business of Metro Plastics (Kenya) Limited by Metro Concepts East Africa Limited, subject to a condition.
2. Metro Concepts East Africa Limited, the acquiring undertaking, is a company incorporated in Kenya. The business is ultimately owned by Ascent Rift Valley Fund, a private equity Fund incorporated in Mauritius, with minority control in investments across East Africa.
3. The acquirer is a new company, established for the purpose of manufacturing and trading of plastic pipes and fittings.
4. Metro Plastics (Kenya) Limited, the target undertaking, is incorporated in Kenya. The target is involved in the manufacture and trading of plastic pipes and fittings.
5. The proposed transaction involves the acquisition of the plastics manufacturing business of Metro Plastics (Kenya) Limited by Metro Concepts East Africa Limited. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
6. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. Metro Concepts is a newly incorporated entity for the purpose of manufacturing and trading of plastic pipes and fittings. Metro Plastics (Kenya) Limited manufactures and trades in plastic pipes and fittings. Therefore, the relevant product market for this transaction is the market for **plastics**.
8. Metro Plastics distributes its products across the country. Therefore, the relevant geographical market is **national**.
9. According to the Kenya National Bureau of Statistics (KNBS), there are over 300 formal establishments producing various plastics and rubber products in Kenya.



10. About 140 of these busiensses operate in the plastics industry and are involved in the production of various plastics articles such as Polyvinyl Chloride (PVC) pipes and fittings, packaging bags, plastics shoes, crates, bottles, floor tiles, household wares and containers.
11. The KNBS's data shows that the major players in the market for plastics and their corresponding market shares in Kenya are; Blow Plast Limited (40%); Ashur Limited (27%); Kenpoly Manufacturing (10%); General Plastics Limited (5%).
12. King Plastics Ltd, Crown Industries Ltd, Halar Industries Ltd, General Plastics, Safepak, Metro Plastics, and other firms, **includiung Metro Plastics**, have a combined market share of approximately 18%.
13. Post-merger, there will be no change in the structure and concentration of the market for plastics since the parties' activities do not overlap. In addition, the merged entity will face competition from the other players in the market with a combined market share of 82%.
14. From the foregoing, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for plastics.
15. Entry and exit barriers in this market are minimal as evidenced by the entry of Nakuru Plastics in Nakuru and Eclipse Plastics Manufacturers Limited along the Kericho-Kisumu Road in recent years.
16. Additionally, over the years, General Plastics, which was once a dominant player in the plastics market, has substantially lost its market share to other players pointing to heightened competition in this sector.
17. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;
 - i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
18. The merging parties have indicated that they envision loss of employment as a result of this merger. This will be occasioned by planned automation of the production process in order to enhance efficiency.
19. Further, the parties have indicated that the enahanced technologies will enable the target

improve the quality of its products and significantly improve employee safety and welfare by adopting environmental, social and governance performance standards.

20. With the improved technologies and realignment of production processes, the acquirer indicated that they will engage ninety (90) employees with specific skills and requisited knowledge.
21. Premised on the above, the Competition Authority of Kenya approved the proposed acquisition of the Metro Plastics (Kenya) Limited's plastic manufacturing business by Metro Concepts East Africa Limited on condition that the acquirer absorbs at least ninety (90) of the target's employees.