



CAK DECISION ON THE PROPOSED ACQUISITION OF 100% OF THE SHARES IN MANANASI FIBRE LIMITED BY DEL MONTE KENYA LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of 100% of the shares in Mananasi Fibre Limited by Del Monte Kenya Limited unconditionally, based on the finding that the transaction is unlikely to negatively impact competition in the markets for textile grade pineapple fibre, compost production, and biochar production in Kenya. In addition, the transaction is unlikely to elicit negative public interest concerns.
2. Del Monte Kenya Limited, the acquiring undertaking, is a company incorporated in Kenya. It is engaged in agricultural and food processing activities, primarily focused on the cultivation, production, and canning of pineapple products.
3. Mananasi Fibre Limited (MFL), the target undertaking, is also incorporated in Kenya and specializes in waste management, particularly, the transformation of pineapple plant waste into valuable products. MFL's primary activities include; fibre extraction, compost production, biochar manufacturing.
4. The proposed transaction involves the acquisition of the entire issued share capital of MFL by Del Monte. The transaction will enable the acquirer bring on board pineapple waste disposal solution.
5. The transaction qualified as a merger within the meaning of [sections 2 and 41 of the Competition Act Cap 504 of the Laws of Kenya](#). The Act stipulates that a merger, or takeover, may occur when an undertaking directly or indirectly acquires control over another business within Kenya. This may happen through, among others, purchase/lease of shares, exchange of shares, or vertical integration.
6. Further, merging parties whose combined turnover or assets, whichever is higher, is over KES 1 Billion are required to seek approval from the Authority prior to implementing the deal. The transaction between Del Monte and MFL met this threshold for mandatory notification and full analysis as provided in the [Competition \(General\) Rules, 2019](#).
7. During merger analysis, and in order to determine the impact that a transaction will



have on competition, the Authority identifies the **relevant product market** as well as the **relevant geographical market**.

8. The **relevant product market** comprises products/services that are interchangeable or substitutable by consumer due to their characteristics, prices and/or intended use. Based on this criterion, the relevant product market for the proposed transaction is the **markets for textile-grade pineapple fibre, compost production, and biochar production**.
9. Determination of the **relevant geographic market** involves interrogating the area in which merging parties undertake business and where competition conditions are sufficiently similar. With regard to the proposed transaction, the parties markets their products countrywide. Therefore, the relevant geographic market is **national**.
10. In Kenya, pineapple, which forms the main raw material for this industry, is predominantly grown by large-scale producers. The main producers are Del Monte, Kakuzi Limited, and Ndemo Farm.
11. Pineapple cultivation generates significant waste, including leaves, stems, peels, pulp, and discarded fruits, much of which is traditionally burned, contributing to air pollution and greenhouse gas emissions. Fibre extraction provides a sustainable alternative by processing waste leaves into textile-grade fibres.
12. The demand for pineapple fibre is growing as a sustainable and eco-friendly alternative to traditional textiles, leathers, and materials in the motor industry. In Kenya, the market is still emerging with a few key players, including Mananasi Fibre Limited, Pine Kazi, and Eco Nasi.
13. Locally, compost production is often undertaken on a small scale by individual farmers using readily available farm materials like crop residues, animal manure, grass clippings, and wood ash. There are some large-scale operations by companies that process organic waste to produce compost for widescale distribution. These include TakaTaka Solutions, Garbage.Com, Mananasi Fibre Limited.
14. It is important to note that while MFL specializes in composting using the pineapple plant, its product competes with other commercial compost products made using different raw/organic materials.
15. Biochar is a form of charcoal used to improve soil health and sequester carbon.



Biochar is a stable solid, rich in carbon, and has a lengthy biodegradable period, running into thousands of years. It can improve water quality, reduce soil emissions of greenhouse gases, reduce nutrient leaching, reduce soil acidity, and reduce irrigation and fertilizer requirements. Biochar is an alternative to fertilizer that is made by burning organic material from agricultural and forestry wastes in a controlled process called pyrolysis.

16. Some of the biochar producers in Kenya are; Cookswell Jikos Limited, Biochar Life, Biosorra, Tera Carbon, Mananasi Fibre Limited, among others.
17. Research by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, indicates that Kenya has the potential to produce 358,970 metric tonnes of biochar from its maize production activities through both small-scale and large-scale farmers. This indicates that the commercial producers of biochar, such as MFL, continue to face competitive pressure from small-scale farmers in the country
18. One criterion of assessing a merger's impact on competition is their post-transaction market share. With regard to the proposed transaction, post-merger, the market share of the target will not change since the seller will exit the market and the buyer will enter the market and therefore the structure and concentration of the markets for textile grade pineapple fibre, compost production, and biochar production will not be affected.
19. Therefore, the structure and concentration of the markets for textile grade pineapple fibre, compost production, and biochar production will not be affected, and as such the transaction does not raise competition concerns.
20. In addition, it is the Authority's view that the proposed transaction will not lead to substantial lessening or prevention of competition in the markets for textile grade pineapple fibre, compost production, and biochar production in Kenya.
21. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest in this case refers to various economically inclined concepts that, when considered, protect the welfare of the Public. In the Competition Act, some of the public interest considerations are:
 - a. extent to which a proposed merger would impact employment opportunities;
 - b. impact on competitiveness of SMEs;

- c. impact on particular industries/sectors; and
- d. impact on the ability of national industries to compete in international markets.

22. As per the parties' submissions, this transaction is not expected to raise public interest concerns. The integration of operations and subsequent scaling up of production are likely to create additional employment opportunities for both skilled and unskilled workers. Furthermore, the target's business plan will remain unaffected. The merger, in addition, is not expected to hinder SMEs' access to this key market.

23. Premised on the above, the Authority approved the proposed acquisition of 100% of the shares in Mananasi Fibre Limited by Del Monte Kenya Limited unconditionally.

