



CAK DECISION ON THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF RONGAI WORKSHOP AND TRANSPORT LIMITED BY GENERAL CARGO SERVICES LIMITED

1. The Competition Authority of Kenya has approved the acquisition of the entire issued share capital of Rongai Workshop and Transport Limited by General Cargo Services Limited unconditionally.
2. **General Cargo Services Limited**, the acquiring undertaking, is incorporated in Kenya. It is involved in the transportation of freight and cargo, specifically customs clearing, freight forwarding, road transportation, warehousing and distribution.
3. **Rongai Workshop and Transport Limited**, the target undertaking, is a transport and logistics company specializing in road freight service of imports and export containers, bagged cargo and out of gauge cargo (low loader).
4. The proposed transaction involves the acquisition of the entire issued share capital of Rongai Workshop and Transport Limited by General Cargo Services Limited. The transaction, therefore, qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
5. The parties combined and relevant assets for the preceding year was **over Ksh. 1 billion**. The transaction, met the threshold for mandatory notification and full merger analysis as provided for in the Competition (General) Rules, 2019.



6. The parties' activities overlap in the provision of road freight transportation. Therefore, for purposes of reviewing this transaction, the **relevant product market** was determined as the market for road freight transportation. The parties provide their services throughout the country and therefore the **relevant geographic market** is national.
7. The cargo transport market has been impacted by the COVID-19 pandemic on the global supply chains, increasing cost of fuel among other factors. Despite this, roads are preferred in cargo transportation.
8. The main market players in Kenya providing road transportation freight services include; Roy Transmotors, Buzeki Enterprises, Kenfright P.N Mashru and Rongai Workshop & Transport. The market share of the merging parties was estimated at 3%.
9. Since the target's market share is low, the post-merger market structure and concentration will not significantly change to occasion any competition concerns. Additionally, the merged entity will face stiff competition from other players controlling 97% of the market. Therefore, the proposed transaction is unlikely to lead to a substantial lessening of competition in the relevant market or raise any competition concerns.
10. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concern 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.

11. As per the parties' submissions, this transaction will not negatively affect employment as the employees will remain engaged with the company. It is also the Authority's view that the transaction is unlikely to negatively impact SME competitiveness. Therefore, if approved, the merged entity will not occasion negative public interest concerns.

12. Premised on the foregoing, the Authority approved the acquisition of the entire issued share capital of Rongai Workshop and Transport Limited by General Cargo Services Limited unconditionally.