



**THE PROPOSED ACQUISITION OF THE STATIONERY AND SHAVERS
MANUFACTURING, SALES AND DISTRIBUTION OF STATIONERY, LIGHTERS
AND SHAVERS BUSINESS OF HACO INDUSTRIES KENYA LIMITED BY BIC
EAST AFRICA LIMITED**

1. The Competition Authority of Kenya (CAK) **approved** the acquisition of the stationery and shavers manufacturing business of Haco Industries Kenya Limited by Bic East Africa Limited. The Authority also approved the acquisition of the sales and distribution of stationery, lighters and shavers business.
2. BIC East Africa Limited (BIC East Africa), the acquirer, is wholly owned by Societe BIC, which is incorporated in France. BIC East Africa is not involved in any business activity and is as a special purpose vehicle, newly incorporated for the purposes of the transaction.
3. Haco Industries Limited (Haco Industries), the target, is incorporated in Kenya. Haco is involved in the manufacturing and distribution of fast-moving consumer goods (FMCGs) such as personal, home care, and selected plastic products (rulers and pegs). Haco also manufactures and distributes “BIC” branded stationery, shavers and lighters.
4. In Kenya, Societe BIC contracted the manufacturing and distribution of BIC-branded stationery, shaver and lighters to Haco Industries.
5. The proposed transaction involves the transfer of Haco’s business and assets of the target to BIC East Africa. This will result in establishment of control over the target’s business by the acquirer.
6. BIC East Africa, through the manufacturing and distributorship agreement between Haco and Societe BIC Limited, is involved in the business of manufacturing and distribution of stationery products, shavers and lighters. Bic East Africa intends to venture into the same post-merger.
7. The proposed transaction qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010. .
8. The combined turnover of the parties is over **Ksh. 1 Billion for the preceding year (2017)** and qualified the transaction for full merger analysis as provided in the **Merger Threshold Guidelines**.

9. Haco is involved in the manufacturing and distribution of FMCGs, the manufacture of food products, and the manufacture the manufacturing and distribution of “BIC” branded stationery, shavers and lighters. Therefore, the **relevant product markets** for the purposes of this analysis, are the markets for stationery, shavers and lighters.
10. The above products are distributed across the country and, therefore, the relevant geographical market is national.
11. According to the Authority’s research, the market shares for stationery -- writing materials like pens, pencils, paper, and envelopes – in the country is as shown in **Table 1**.

Table 1: Market Structure in the Stationery Market

Brand	% Market share
Haco Industries Kenya Limited (Bic)	57%
Staedtler	15%
Uni-Ball	10%
TeePee	7%
others	11%
Total	100%

Source: CAK Market Research

12. Post-merger, there will be no change in the market structure and concentration since BIC East Africa is taking over its business that was initially being carried out by Haco on its behalf in Kenya. This is unlikely to raise any competition concerns.
13. The Authority’s research determined that in the market for shavers, the market shares is as highlighted in **Table 2**.

Table 2: Market Structure in the Shavers Market

Brand	% Market share
Haco Tiger Brands E.A Limited (Bic)	22%
P & G (Gillette)	52%
SuperMax	11%
Others	15%
Total	100%

Source: CAK Market Research

14. Post-merger, there will be no change in the market structure and concentration since the target (Haco) will be exiting this market through the acquisition of this business by the acquirer (BIC East Africa).
15. Additionally, the market for cigarette lighters in Kenya mainly constitutes of imports. Some of the top cigarette lighter brands imported in the country are; Zippo, ST Dupont, Clipper, Bic, Alfred Dunhill, Ronson and Colibri, among others. It is expected that post-merger, these brands will offer competitive restraint to the acquirer's business.
16. Additionally, while the matchbox remains the most commonly used lighter, there are other innovative ways of lighting cigarettes including USB Electric Lighters and car cigarette lighters, among others.
17. Post-merger, the acquirer will take over the importation, distribution and sale of its own lighters in the country. Therefore, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for lighters.
18. In regard to public interest issues and specifically on employment, in the event that the existing contract between BIC and Haco lapses, the target may terminate its activities in the country, negatively impacting the staff. However, this transaction is likely to secure the employment of the current staff.
19. Since the transaction is unlikely to raise **negative competition or public interest concerns**, the Authority approved the transaction.