



THE PROPOSED ACQUISITION OF THE KENYAN FREIGHT FORWARDING BUSINESS AND ASSETS OF DODWELL & CO. (EAST AFRICA) LIMITED AND THOSE OF INCHAPE SHIPPING SERVICES KENYA LIMITED BY ISS GLOBAL FORWARDING (KENYA) LIMITED

1. The Competition Authority of Kenya has approved the acquisition of the freight forwarding business of Dodwell & Co. (East Africa) Limited and Inchape Shipping Services Kenya Limited by ISS Global Forwarding Kenya Limited.
2. ISS Global Forwarding (Kenya) Limited (ISS Global), the acquirer, is newly incorporated in Kenya and ultimately owned by Investment Corporation of Dubai (ICD). ICD does not have direct subsidiaries incorporated in Kenya. However, it has several subsidiaries with a market presence in Kenya including the Dubai Aviation Corporation (Flydubai) and Emirates.
3. ISS Global intends to carry out the activities of the targets post-merger. Its parent company, ICD, through its subsidiaries generated a turnover in Kenya.
4. Dodwell & Co (East Africa) Limited (Dodwell), the target, is incorporated in Kenya. It is ultimately owned by Inchcape Shipping Services World Limited. Dodwell provides both Maritime and freight forwarding services in Kenya. Inchcape Shipping Services World Limited is unrelated to Inchcape Kenya Limited, the automotive distributor and retailer.
5. The proposed transaction involves the acquisition of the freight forwarding business of the ISS Group and its subsidiaries Dodwell and ISS Kenya by ICD through ISS Global.
6. ISS Global will acquire ISS Group's assets including motor vehicles, fixtures and fittings, buildings and leaseholds, and employees of the target engaged in the freight forwarding business.
7. The proposed transaction therefore 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) therefore qualified the transaction for full merger analysis as provided in the

Merger Threshold Guidelines.

9. ISS Global has no business presence currently. However, its parent company ICD, through its subsidiaries, is involved in aviation, banking, software development and transport, including air freight forwarding.
10. Dodwell is involved in maritime services and freight forwarding services.
11. The parties' commercial activities overlap in both sea and air freight forwarding services and therefore the relevant product market for the analysis of the proposed transaction was determined as the market for freight forwarding.
12. Dodwell carries out its activities in Kenya and therefore the relevant geographical market is national.

a) Market for Freight Forwarding

13. Freight forwarding means services of any kind relating to the carriage, consolidation, storage, handling, packing or distribution of the goods, as well as ancillary and advisory services, in connection with, but not limited to, customs, declaring goods for official purposes, procuring insurance of the goods and collecting or procuring payment or documents relating to the goods.
14. According to the Kenya Revenue Authority (KRA), there are over 900 registered undertakings involved in the provision of freight clearing and forwarding services in Kenya.
15. Freight forwarding is divided into two; air freight forwarding and sea freight forwarding.

i. Air Freight Forwarding

16. Air freight forwarding is further classified into two categories; freight forwarding for perishable and non-perishable goods. Freight forwarders can either be transit shed (short-time storage units) or consolidators (the process of assembling and shipping together small cargo volumes to avail of better freight rates and security of cargo). Currently there are four (4) transit sheds in Kenya. They are operated by; Kenya Airways Cargo, Swissport Kenya Limited, African freight Services and Siginon Freight.
17. Data from the Kenya International Freight and Warehousing Association shows that there are over 1,500 registered consolidators for both sea and air freight forwarding.
18. The Kenya Airports Authority (KAA) indicates that there are fourteen (14) major

agents operating at the major international airport in Kenya; Jomo Kenyatta International Airport, Moi International Airport and Eldoret International Airport. Some of these major agents are; Acceler (K) Ltd, Siginon, Mechanised freight; Kuehne & Nagel, Freight Wings Ltd, Panalpina among others.

19. Data from the International Air Transport Association (IATA), 2017, indicates that the current market players in the perishable cargo category, and their market shares, are; Panalpina Airflo Limited and Air Connection Limited (37%), Kuehne+Nagel (22%), Freight Wings Limited (10%), Siginon Freight (7.5%) and Others (23.5%).
20. In the non-perishable commodities segment, the major players and their respective market shares are; Bollore (20%), Kuehne+Nagel (15%), Spedag Interfreight (15%), DHL (15%), Siginon Freight (10%), Panalpina Kenya Limited and Air Connection Limited (3%) and others (22%).
21. Based on these statistics, as well as their comparative revenues, Dodwell is not a major player in the relevant market. The Authority concluded that the proposed transaction is unlikely to cause a substantial lessening or prevention of competition in the market for air freight forwarding business in Kenya.
22. Further, the Authority believes major players will continue offering stiff competition to the merged entity.

b) Sea Freight Forwarding

23. Sea freight forwarding involves handling the movement of goods through a port as per client specifications. Clients either collect their goods upon landing while others request that their cargo be delivered inland. In Kenya, sea freight forwarders are based at the ports but they extend their services countrywide.
24. The market for sea freight forwarding is run by large multinational firms as well as medium-sized and small locally-owned firms. The multinationals and medium-sized firms offer multiple services such as shipping and shipping agency services, consolidation, container freight station operations, bonded warehouses and transit go downs, transport logistics, airfreight, supply chain management, door to door delivery services, among others.
25. Siginon Freight is the largest locally-owned freight forwarding company in Kenya. The other sea freight forwarding entities include; Maersk with more than four (4) million containers, Bollore logistics, Freight Forwarders Kenya Limited, Milan Freight Services, Freight Dispatches and Forwarders Limited, Arnop Logistics, Salihiya Cargo Clearing and Forwarding, the ISS Group, including Inchcape Kenya and Dodwell & Co (target), Kenfreight, Buzeki Enterprises and Roy Trans motors among others.

26. Post-transaction, the market structure and concentration for freight forwarding in Kenya will not change since there are no overlaps in the activities of the merging parties.
27. Additionally, the Authority anticipates that the merged entity is likely to face credible competition from the more established players like Siginon Freight, Freight Forwarders Kenya Limited and Kenfreight. These firm has a higher capacity to efficiently handle more cargo compared to the merged entity.
28. Based on the foregoing, the Authority's view is that the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for freight forwarding services in Kenya.
29. ISS Global has indicated its intention to acquire Dodwell's highly specialized employees and, therefore, the proposed transaction is unlikely to lead to loss of employment.
30. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed acquisition of Kenyan Freight Forwarding Business and assets of Dodwell & Co. (East Africa) Limited and those of Inchcape Shipping Services Kenya Limited by ISS Global Forwarding (Kenya) Limited.