

MEDIA RELEASE

31 October 2013

Commission imposes divestiture conditions on Oceana and Foodcorp fishing transaction.

On 29 October 2013, the Competition Commission (“Commission”) approved the acquisition of the fishing business of Foodcorp Proprietary Limited (“Foodcorp”) by Oceana Group Limited (“Oceana”), subject to the divestiture of the Glenryck Trademark and the small pelagic fish quota allocated to Foodcorp by the Department of Agriculture, Forestry and Fisheries (“DAFF”).

Foodcorp’s fishing business essentially constitutes the business of harvesting, processing and selling deep sea trawl hake, south coast rock lobster (“SCRL”) pelagic fish and small pelagic fish (i.e., pilchard, anchovy and red eye) and it owns the Glenryck brand. Oceana is also active in the markets for harvesting, processing and selling deep sea trawl hake, SCRL and small pelagic fish and it owns the Lucky Star brand.

The Commission assessed the likely effects of the proposed transaction in a number of markets, namely, SCRL, anchovy and fishmeal, hake and canned pilchard. The Commission’s investigation found that the proposed transaction will substantially prevent or lessen competition in the market for the harvesting, processing and marketing of canned pilchard to the detriment of competition and customers. From its investigation, the Commission found that it is important to own a strong brand and have access to sufficient quota of small pelagic fish allocation in order to effectively compete.

The proposed transaction will result in the removal of Oceana’s closest competitor. Post-merger, Oceana will account for more than 80% of the market whilst its nearest competitor will account for less than 10% of the market. The Commission also found that the market for the harvesting, processing and marketing of canned pilchard is characterised by high barriers to entry and expansion in the form of regulatory barriers, high capital outlays, brand loyalty, input scarcity, amongst other barriers.

The Commission therefore approved the transaction subject to Foodcorp selling off the Glenryck brand and its small pelagic fish allocation, to an independent entity prior to implementing the proposed transaction.

The Commission investigation included site visits, obtaining the views of competitors and customers. The Commission also consulted with DAFF.

ENDS

For more information:

Trudi Makhaya, Deputy Commissioner
012 394 3326/ 073 289 3570 / trudim@compcom.co.za

Themba Mathebula, External Coordinator
Cell: 084 896 0860, email: thembama@compcom.co.za