



**competition commission**  
south africa

## **CORRUSEAL ABANDONS ITS CHALLENGE TO THE PROHIBITION OF ITS MERGER WITH BOXLEE**

The Commission notes Corruseal Group (Pty) Ltd's (Corruseal) notification that it is abandoning its proposed merger with Boxlee (Pty) Ltd (Boxlee).

In January this year, the Commission prohibited two mergers whereby Corruseal intended to acquire Boxlee and Pride Pak Packaging (Pty) Ltd (Pride Pak). This is after the Commission found that the proposed transactions were likely to substantially prevent or lessen competition as a result of strengthened coordination in the affected markets.

Subsequently, the merging parties filed a Request for Consideration of both mergers with the Competition Tribunal (Tribunal) where they requested that their proposed mergers be approved without conditions. The Commission opposed the application.

Corruseal owns varying interests in several businesses, most of which operate in the industry for the manufacture and supply of packaging products including containerboard paper, corrugated board as well as corrugated packaging. Boxlee and Pride Pak manufacture and supply corrugated boxes / packaging including single face board, regular slotted containers, die cut self-erecting containers and trays. Corruseal, Boxlee and Pride Pak are in a horizontal and vertical relationship in terms of the Competition Act.

A horizontal relationship means the companies are competitors and vertical relationships is between a firm, its customers, suppliers, or both.

The Commission's merger assessment primarily focused on effects of coordination that were likely to arise, as a result of the transaction, in the affected markets - the manufacturing and supply of corrugated board, as well as manufacturing and supply of corrugated packaging.

The Commission's investigation revealed that the paper industry and the affected markets have high levels of concentration along the value chain, market transparency, multi-market contact, high and increasing barriers to entry, amongst other considerations.

The Commission concluded that the proposed transactions were likely to strengthen coordination between the parties. The abandonment of the Boxlee transaction follows the withdrawal of the reconsideration of the Pride Pak transaction which was filed with the Tribunal on 29 March 2017.

[ENDS]

**Issued by:**

Sipho Ngwema, Head of Communications

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 078 048 1213 / 081 253 8889 Email: [SiphoN@compcom.co.za](mailto:SiphoN@compcom.co.za)