

MEDIA RELEASE

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Commission prohibits a copper products merger

The Competition Commission has prohibited the proposed acquisition of Jobling Investments (Pty) Ltd (“Jobling”) by Sunset Bay Trading 368 (Pty) Ltd (“Sunset Bay”). Sunset Bay controls Copalcor (Pty) Ltd (“Copalcor”), which distributes non-ferrous metals and semi-finished products through its stockists operation Copalcor Trading.

Jobling is the holding company of Maksal Tubes (Pty) Ltd (“Maksal”), a manufacturer of solid copper extrusions, extruded copper busbar and copper tubing. Maksal supplies Sunset Bay and Copalcor Trading with solid copper extrusions and extruded copper busbar, which products are in turn distributed to original equipment manufacturers (“OEMs”). Maksal also supplies these products directly to OEMs.

The Commission found that the proposed transaction will lead to a significant increase in concentration in the distribution of solid copper extrusions and extruded copper busbar, with the merged entity being the largest firm. There are barriers to enter the distribution market, and the available alternative firms pose a limited competitive constraint.

Through the vertical integration, the merged entity is likely to deny rival distributors access to the copper extrusions and extruded copper busbar products and thereby entrench the barriers to enter the distribution market.

Thus, the Commission concludes that the proposed transaction is likely to lead to a substantial prevention or lessening of competition in the affected markets.

ENDS

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