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Statement on the decisions of the Competition Commission

Date: 17 March 2016

1. Key decisions on Mergers and Acquisitions

1.1 Prohibited mergers

Proposed merger between Jo Jo Tanks (Pty) Ltd (Jo Jo) and The Business of Nel Tanks Close Corporations (Nel Tanks)

The Competition Commission (Commission) has prohibited a merger between Jo Jo and Nel Tanks. In terms of the proposed transaction, Jo Jo would acquire the business of Nel Tanks as a going concern.

Jo Jo manufactures a wide range of polyethylene or plastic tank liquid storage solutions in sizes ranging from 260 litre tanks to 30 000 litre tanks. It also manufactures underground storage tanks and products for sanitation applications. Nel Tanks manufactures, among other things, polyethylene or plastic tanks for the storage of water, chemicals, fertilizers and other liquids.

The Commission found that the proposed transaction raises competition concerns in two markets, namely the market for the manufacture and supply of vertical water tanks in the Western Cape and the market for the supply of horizontal transport tanks in Western Cape. The Commission found that the merged entity will have significant market shares in these two markets and would not face substantial competition post-merger. The merged entity is likely to have the ability to increase prices unilaterally which may be passed on to the end-users such as farmers.

In light of these considerations, the Commission is of the view that the proposed merger is likely to substantially prevent or lessen competition, and has thus taken a decision to prohibit the merger.

1.2 Mergers approved with conditions

Proposed merger between Konecranes Acquisition Company LLC (Konecranes Acquisition) and Terex Corporation (Terex)

The Commission has approved with conditions, the intermediate merger in terms of which Konecranes Acquisition intends to acquire Terex.

Konecranes Acquisition, which is controlled by Konecranes Plc (Konecranes), was formed for purposes of this merger and has not conducted any business. Konecranes is a global group providing material and handling lifting equipment solutions. Terex is a global manufacturer of machinery products supplying industrial cranes, industrial crane components and industrial crane services.

The Commission found that the proposed merger does not raise competition concerns as it is unlikely to substantially prevent or lessen competition in any market, in particular in the manufacturing and supply of container handling equipment. The Commission is of the view that the merged entity will continue to face competition from other players operating in this market.

With regards to public interest, the Commission found that the proposed transaction will result in the retrenchment of certain unskilled employees who may struggle to find alternative employment. In order to improve their chances of finding alternative employment should they be retrenched as a result of the proposed merger, the merging parties have undertaken to establish a fund which will be utilised to upskill employee who are likely to be affected.

Proposed merger between Afrimat Limited (Afrimat) and Cape Lime (Pty) Ltd (Cape Lime)

The Commission has approved with conditions, the intermediate merger whereby Afrimat intends to acquire Cape Lime. Post-merger, Afrimat will have control over Cape Lime.

The proposed merger is likely to raise substantial competition concerns in the market for the manufacture and supply of aggregates in Robertson, Western Cape. In this regard, the Commission found that the merged entity will be a monopoly supplier of aggregates in this region post-merger and customers will not have alternative sources of supply.

In order to address the above concern, the Commission has approved the proposed merger subject to the condition that Afrimat divests its Kleurkloof quarry that produces aggregates for various applications located in Robertson. This will provide customers with an alternative source of supply.

Afrimat supplies the steel industry with metallurgical dolomite; the construction industry with a variety of aggregate products, concrete manufactured products, bricks/blocks and ready-mix concrete; and the agricultural industry with agricultural lime.

Cape Lime supplies burnt lime and other limestone products to various users of industrial minerals and aggregates and ready-mix to its construction sector from its operations.

1.3 Mergers approved without conditions

Proposed merger between ETG Inputs Holdco Limited (ETG Inputs) and Sidi Parani (Pty) Ltd (Sidi Parani)

The Competition Commission (Commission) has recommended to the Competition Tribunal (Tribunal) that the large merger whereby ETG Inputs intends to acquire Sidi Parani be approved without conditions.

ETG is as an importer, manufacturer, blender and distributor of fertiliser commodities in South Africa and in other Southern African Development Community (SADC) territories.

Sidi Parani supplies an extended range of plant nutrition products in South Africa. Sidi Parani provides Lliquid fertiliser, dry granular fertiliser and Mmicro element nutrients.

The Commission found that the proposed merger does not substantially prevent or lessen competition in any NPK blender fertilizer market. The merged entity will continue to face competition in these markets. The Commission also found that fertilizer customers are able to negotiate prices and can purchase fertilizer from other suppliers, in the event that their current supplier charges higher prices. Further, the Commission found that the proposed transaction does not raise any public interest concerns.

Proposed merger between Respublica Student Living Proprietary Limited (Respublica Student Living), Midrand Student Village and White House Lodge (the Target Enterprises)

The Commission has recommended to the Tribunal that the large merger whereby Respublica Student Living intends to acquire the Target Enterprises, be approved without conditions. Post-merger, Respublica Student Living will control the Target Enterprises.

The Commission is of the view that the proposed merger is unlikely to substantially prevent or lessen competition in the market for the provision of rentable space in residential property used for student accommodation.

Respublica Student Living owns, manages and develops rentable residential property for the purpose of student accommodation.

The Target Properties are residential properties with a focus on student accommodation.

Proposed merger between Equatorial Trading Ltd (Equatorial) and Wilmar Resources Pte Ltd (Wilmar Resources), (Acquiring Firms) and Wilmar Continental Edible Oils and Fats (Pty) Ltd (Wilmar Continental)

The Commission has recommended to the Tribunal that the large merger whereby the Acquiring Firms intend to acquire Wilmar Continental, be approved without conditions.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition as it does not change the structure of any market.

The transaction seeks to increase the shareholding of the Acquiring Firms in Wilmar Continental.

Wilmar International is headquartered in Singapore and its business activities include oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining.

Equatorial is an investment company which operates through entities trading in crude and refined vegetable edible oils and oilcake meal.

Wilmar Continental is a crude and refined vegetable oil manufacturer. It produces refined edible oils and oilcake meal, as well as dips, mayonnaise and by-products of vegetable oils.

Propose merger between Inversiones Arauco Internacional Limitada (Arauco) and Tableros De Fibras SA (Tafisa)

The Commission has approved without conditions, the intermediate merger whereby Arauco intends to acquire Tafisa.

The Commission found that the proposed merger is unlikely to substantially prevent or lessen competition. The merged entity will face competition from other competitors in the medium density fibreboard market (MDF). Further, the merger does not raise public interest concerns.

Arauco is primarily involved in forestry, wood pulp, timber panels and energy. Sonae, which controls Tafisa, is a wood based panels group which currently operates 17 plants located in 5 countries. In South Africa, Sonae manufactures products such as particleboards and MDF.

Proposed merger between EQT Services (UK) Limited (EQT Services) and Kuoni Travel Holding Ltd (Kuoni)

The Commission has approved without conditions, the intermediate merger whereby EQT Services intends to acquire Kuoni. Post-merger, EQT Services will control Kuoni.

The Commission found that the proposed merger is unlikely to substantially prevent or lessen competition, and that the transaction does not raise public interest concerns.

The Kuoni controls a large number of entities globally and through its subsidiaries in South Africa, supplies travel related services.

EQT Services acts in its capacity as the manager of EQT VII No: 1 & No: 2). EQT VII No: 1 is an EQT investment fund, which comprises several entities and various contractual arrangements.

Proposed merger between Haw and Inglis Civil Engineering (Pty) Ltd (Haw & Inglis) and Marib Holdings (Pty) Ltd (Marib) (Acquiring Firms) and Entilini Concession (Pty) Ltd (Entilini)

The Commission has approved without conditions, the intermediate merger whereby the Acquiring Firms intend to acquire Entilini.

The Commission considered the activities of the merging parties and found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

Haw & Inglis is active in the construction and rehabilitation of roads, earthworks, civil engineering infrastructure and general building. Marib does not have any other investments in the markets in which Entilini is active. Entilini was formed for the purpose of designing, constructing, maintaining and operating a section of the Chapman's Peak Drive in Cape Town.

Proposed merger between Workforce Holdings Ltd (Workforce) and Quyn International Outsourcing (Pty) Ltd, Molapo Quyn Outsourcing (Pty) Ltd, Quyn HR Consulting (Pty) Ltd, Quyn Payroll Services (Pty) Ltd and Sizuluntu Staffing Solutions (Pty) Ltd (Quyn Group)

The Commission has approved without conditions, the intermediate merger whereby the Workforce intends to acquire Quyn Group. Post- merger, Workforce will control the Quyn Group.

The Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the provision of temporary employment solutions as the merged entity will remain relatively small in this market. Further, the transaction does not raise public interest issues.

Workforce is a diversified group of companies and its services include the provision of temporary employment solutions, permanent placement solutions and training.

The Quyn Group is involved in the provision of, among other things, temporary employment solutions and industrial relations consulting services.

Proposed merger between Tadvest Industrial (Pty) Ltd (Tadvest) and Sweet Sensation 89 (Pty) Ltd (Sweet Sensation)

The Commission has approved without conditions, the intermediate merger whereby the Tadvest intends to acquire Sweet Sensation. Post-merger, Tadvest Industrial will control Sweet Sensation.

The Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition as there is no overlap in the activities of the merging parties. Further, the transaction does not raise public interest issues.

Tadvest focuses on investments in various sectors including printing and imaging, property and property development.

Sweet Sensation is involved in fruit processing and also manufactures concentrated and formulated juices and nectars for use by industry to produce single strength beverages.

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