



**competition commission**  
*south africa*

**PRESS RELEASE**

**IMMEDIATE RELEASE**

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**COMPETITION TRIBUNAL CONFIRMS SETTLEMENT AGREEMENT BETWEEN THE COMMISSION  
AND ROOIBOS**

The Competition Commission welcomes the decision by the Competition Tribunal to confirm as an order the settlement agreement between the Commission and a tea processing giant, Rooibos Ltd.

In terms of the order, Rooibos Limited undertakes to publish the results of completed production research that it has contracted or commission on its website without any conditions or restrictions for access. Rooibos Ltd also undertakes to not enter into any long-term supply agreements with rooibos tea farmers that:

- has a duration of more than 5 years;
- restricts farmers from contracting to supply rooibos tea to Rooibos Ltd's competitors; and
- if the aggregate volume of rooibos supplied to Rooibos Ltd by virtue of the long-term supply agreements annually equals more than 10% of the total annual rooibos crop as estimated by Rooibos Ltd in respect of that particular year.

This settlement agreement follows a third-party complaint received in July 2015 indicating that since 2014 Rooibos Ltd has entered into long-term supply agreements with farmers of rooibos tea, for the period 2014 to 2018, in which the farmers agreed to supply up to 50% of their production of rooibos tea to Rooibos Ltd to the exclusion of Rooibos Ltd's competitors. In addition, Rooibos Ltd offered its production research output to farmers on the condition that farmers would in turn supply it with up to 50% of their produce.

The Commission's investigation established that the cumulative effect of the long-term agreement and the supply commitment arising from Rooibos Ltd's production research scheme locked-in significant volumes of the rare and unique product which grows in a small geographic region. Significant production from farmers was locked-in in favour of Rooibos Ltd, thus starving competing processors of the volumes they needed to expand in the market for the bulk processing of rooibos tea. The Commission therefore referred a complaint to the Tribunal against Rooibos Ltd for allegedly contravening section 8(d)(i) alternatively section 8(c) of the Competition Act.

**[ENDS]**

**Issued by:**

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