Media Statement
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COMMISSION WELCOMES TRIBUNAL BLOCKING THE SALE OF SASOL'S CYANIDE BUSINESS TO DRASLOVKA HOLDINGS

The Competition Commission ("Commission") welcomes the decision by the Competition Tribunal ("Tribunal") prohibiting the proposed acquisition of the assets and liabilities of the sodium cyanide business of Sasol South Africa ("Sasol") by Draslovka Holdings ("Draslovka").

Draslovka, a global company based in the Czech Republic with its subsidiary SA OpCo in South Africa, sought to acquire the assets and liabilities of Sasol's sodium cyanide business. Currently, Sasol is the primary supplier of sodium cyanide in liquid form to the South African gold mining industry, a crucial component with no practical alternatives.

The Tribunal's order, handed down on Wednesday, 11 October 2023, follows the Commission's initial prohibition of the merger on 26 November 2021. Subsequently, Draslovka and Sasol brought a consideration application for the approval of the merger on 10 December 2021. The Commission, along with various interveners, such as Sibanye Stillwater Limited, Harmony Gold Mining Company Limited, and Pan African Resources PLC, opposed the consideration application. While Harmony and Pan African eventually expressed satisfaction with the merger under specific conditions, the Commission and Sibanye maintained their opposition.

The main concern raised by the Commission and Sibanye was the permanent structural change in the market resulting from the merger. This structural change could not be adequately addressed by the remedies proposed by Draslovka and Sasol. Sasol's sodium cyanide business operates as a vertically integrated entity, self-supplying all key inputs from its integrated operations. In contrast, Draslovka would supply liquid sodium cyanide downstream without a similar integrated self-supply of crucial key inputs, effectively splitting the market into two independent entities in the liquid sodium cyanide value chain.

During the Tribunal hearing, the Commission and Sibanye presented factual and economic evidence that suggested Draslovka might impose import parity prices for locally produced liquid sodium cyanide post-merger. As a result, South African gold mining firms would be price-takers from Draslovka, with no practical alternatives. The resultant price increase would significantly impact the profitability and long-term viability of gold mining firms. Moreover, the cost of sodium cyanide would affect the lifespan of some gold mining operations, leading to reduced gold production, employment, and foreign exchange earnings. This would have a notable negative economic and public interest impact.

Following a hearing in the Tribunal and comprehensive submissions, the Tribunal ruling was delivered yesterday, finally prohibiting the proposed merger.

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