



COMESA Competition Commission
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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2016/09/JB/03

**Decision¹ of the Twenty Fourth Meeting of the Committee Responsible
for Initial Determination Regarding the Proposed Merger between
Rosewild Trade and Invest Proprietary Limited and Chlor-Alkali Holdings
Proprietary Limited**

ECONOMIC SECTOR: Chemical Supplies

28th September 2016 – Johannesburg, South Africa

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 27th July 2016, the COMESA Competition Commission (hereafter referred to as "the Commission") received a notification for approval of a merger transaction from Rosewild Trade and Invest Proprietary Limited (hereinafter referred to as "Rosewild") and Chlor-Alkali Holdings Pty Ltd (hereinafter referred to as "CAH").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market.
3. The Committee responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in two or more COMESA Member States. This therefore, means that the regional dimension requirements under Article 23(3) of the Regulations is satisfied and asserts jurisdiction of the Commission to assess the transaction.

The Parties

Rosewild

4. Rosewild², is a company duly incorporated in accordance with the Company Laws of South Africa and it is wholly-owned by Investec Equity Partners Portfolio 1 Proprietary Limited ("IEPP1") which in turn is wholly-owned by Investec Equity Partners Proprietary Limited ("IEP").

5. CAH

6. CAH, is a company incorporated in accordance with the Company Laws of South Africa and focuses on its capability to chemically beneficiate natural resources in selected sub-Saharan African countries. CAH is involved in industrial and retail salt mining and refining, the production of soda ash, chlorine, caustic soda and chlor-alkali derivatives for use in water treatment, mining pulp and paper, soap and detergents and textiles industries.

Nature of the Transaction

7. The proposed transaction constitutes an internal restructuring in respect of which Rosewild will increase its existing 49.9% shareholding in CAH to more than 80%.

² Rosewild is in the process of changing its name to Synthesis Chemical holdings Proprietary Limited.

Competition Analysis

8. The CID defined the relevant product markets as the supply of:

- caustic soda lye; supply of caustic soda flakes;
- supply of dense soda ash;
- supply of light soda ash;
- supply of food grade salt; and
- supply of flocculants

which both parties supply through exports to the Common Market.

9. The CID observed that the market structure is likely to remain unaltered since there is limited overlap in the activities of the parties and there are other players supplying the same products to the Common Market.

Determination

10. The CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market. The CID further determined that the merger is not likely to negatively affect trade between Member States and is compatible with the Treaty establishing the Common Market for Eastern and Southern Africa. However, the CID observed that flocculants which are supplied by the parties to the Common Market account for a substantial cost of treating water and that there are few firms supplying these products in the Common Market.

11. The CID therefore decided to approve the merger on condition that the parties should not enter into exclusive arrangements with any firm dealing in the supply and distribution of flocculants in any of the Member States.

12. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 28th day of September, 2016.



Commissioner Matthews Chikankheni (Chairperson)



Commissioner Thabisile Langa (Member)
(Member)



Commissioner Chilufya Sampa