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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2018/01/JB/03

Decision¹ of the Thirty Seventh Committee Responsible for Initial Determination on the Application for Authorisation of the Merger Involving Remgro International Holdings Proprietary Limited and Capevin Holdings Limited

ECONOMIC SECTOR: Alcoholic Beverages

29th January 2018 – Johannesburg, South Africa

¹ In the published version of this decision, some information may have 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.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 2nd October 2017, the COMESA Competition Commission (hereinafter referred to as the "Commission") received an application for authorisation of a merger between Remgro International Holdings Proprietary Limited (hereinafter referred to as "RIH") and Capevin Holdings Limited (hereinafter referred to as "Capevin").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or 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 more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

RIH

4. RIH is an investment holding company incorporated in South Africa. RIH is controlled by another investment holding company, Remgro Limited (hereinafter referred to as "Remgro"), also incorporated in South Africa. Remgro holds a number of strategic interests in a range of companies that operate across a broad spectrum of industries, these include banking, healthcare, insurance, industrial, infrastructure, media, sport, food, liquor and home care.

Capevin

5. Capevin is an investment holding company incorporated in South Africa. RIH and Capevin jointly control Remgro-Capevin Investments Proprietary Limited (hereinafter referred to as "RCI") which in turn, controls the Distell Group Limited (hereinafter referred to as "Distell"). Distell produces and markets wines, spirits (i.e. brandy, white spirits, whisky and rum), ciders and other ready-to-drink beverages. Distell's well-known wine brands include Nederburg, Durbanville Hills, Two Oceans and J.C. Le Roux, while its spirit brands include Klipdrift, Richelieu and Bains. Distell's portfolio also includes Hunter's, Savanna and Esprit.

Nature of the Transaction

6. The transaction entails RIH acquiring sole control in Capevin which in turn control the Distell Group Limited.

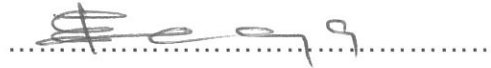
Competition Analysis

7. The CID defined the relevant market as the global supply of alcoholic beverages. The CID observed that there are many players supplying alcoholic beverages in the Common Market and therefore, the transaction is not likely to raise significant competition concerns.

Determination

8. The CID determined that the merger is not likely to have an appreciable effect on trade between Member States and would not restrict competition in the Common Market. The CID therefore approved the transaction.
9. This decision is adopted in accordance with Article 26 of the Regulations.

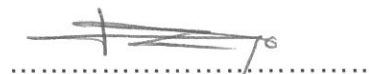
Dated this 29th of January 2018



Commissioner Thabisile Langa (Chairperson)



Commissioner Trudon Nzembela
(Member)



Commissioner Chilufya Sampa
(Member)