



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM068Jul19

In the matter between

Senwes Ltd

Primary Acquiring Firm

And

Grainovation (Pty) Ltd

Primary Target Firm

Panel	: M Mazwai (Presiding Member)
	: E Daniels (Tribunal Member)
	: Y Carrim (Tribunal Member)
Heard on	: 4 September 2019
Order Issued on	: 4 September 2019
Reasons Issued on	: 4 September 2019

REASONS FOR DECISION

Approval

- [1] On 4 September 2019, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction in terms of which Senwes Ltd ("Senwes") is acquiring sole control over Grainovation (Pty) Ltd ("Grainovation").
- [2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

- [3] The primary acquiring firm is Senwes, an agricultural company that provides input supplies, storage, financing, insurance and trading services to grain producers. Senwes is also one of South Africa's largest integrated agri-businesses and one of the world's largest providers of white maize to the market. Senwes is listed on the ZARX, and is controlled by Senwesbel Ltd.
- [4] Senwes controls various firms including Senwes Capital and Tradevantage, among others. Senwes and its subsidiaries will collectively be referred to as the "Senwes group".
- [5] The primary target firm is Grainovation, a 50/50 joint venture between Senwes and Imperial Logistics South Africa Holdings (Pty) Ltd ("Imperial Holdings"). Grainovation specialises in the transportation of grain and related services in Southern Africa.

Proposed transaction and rationale

- [6] Senwes intends to acquire 50% of the total issued share capital of Grainovation from Imperial Holdings. Post-merger, Senwes will solely control Grainovation.

Impact on competition

- [7] The Competition Commission ("Commission") found no product overlap between the activities of the merging parties. However, it identified a vertical overlap that may arise due to the proposed transaction. This is because Grainovation provides transportation services to Senwes and its competitors in the upstream market for the supply of grain commodities. The Commission however found that the proposed transaction does not raise any vertical foreclosure concerns because 92% of the transportation services provided by Grainovation are provided to the Senwes group pre-merger, and only 8% is provided to the open market. Any possible foreclosures will therefore be insignificant, especially because there are alternative transport providers who

will be able to service competitors of Senwes. These include companies like Grain Carriers and Chrome Carriers.

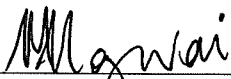
- [8] In light of the above, the Commission concluded that the proposed transaction will not result in a substantial prevention or lessening of competition in any market. We find no reason to disagree with the Commission's findings.

Public interest

- [9] The proposed transaction raises no public interest concerns.

Conclusion

- [10] In light of the above, we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approved the proposed transaction unconditionally.



Ms. Mondo Mazwai

4 September 2019

Date

Mr Enver Daniels and Ms. Yasmin Carrim concurring.

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : A Le Grange of Cliffe Dekker Hofmeyr

For the Commission : B Ntshingila