



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 40/LM/Apr12

In the matter between:

Grindrod Holdings SA (Pty) Ltd

Acquiring Firm

And

Ocean Africa Container Lines (Pty) Ltd

Target Firm

Panel	:	Norman Manoim (Presiding Member), Andreas Wessels (Tribunal Member) and Medi Mokuena (Tribunal Member)
Heard on	:	14 June 2012
Order issued on	:	14 June 2012
Reasons issued on	:	24 July 2012

Reasons for Decision

Approval

[1] On 14 June 2012 the Competition Tribunal ("Tribunal") unconditionally approved the merger between Grindrod Holdings SA (Pty) Ltd and Ocean Africa Container Lines (Pty) Ltd. The reasons for approval follow below.

The Transaction

[2] The primary acquiring firm is Grindrod Holdings SA (Pty) Ltd (“Grindrod”), a wholly owned subsidiary of Grindrod Freight Services (Pty) Ltd (“Grindrod Freight”). Grindrod Freight is wholly owned by Grindrod Limited, a company listed on the Johannesburg Securities Exchange (“JSE”).

[3] The primary target firm is Ocean Africa Container Lines (Pty) Ltd (“OACL”), a joint venture wherein Grindrod has 49% and Safmarine Container Lines N.V. (“SCL”) has 51% shareholding. OACL is a company registered in terms of the laws of the Republic of South Africa.

The Rationale

[4] In terms of the proposed transaction, Safmarine is exercising its contractual put option which requires Grindrod to purchase its shares in OACL. Post merger Grindrod will have 100% shareholding in OACL and thus OACL will become a wholly owned subsidiary of Grindrod.

The relevant market and the impact on competition

[5] The merging parties submit that the relevant product market is the market for the transportation of containerized cargo between ports. In particular, the market for the transportation of containerized cargo between ports along the Southern African coast, which is called port to port market.

[6] The merging parties further state that the proposed transaction will not increase concentration in the port to port market. Grindrod is involved in the shipping, road transport and rail industries but the services it provides are different from the port to port services provided by OACL. Grindrod’s shipping services are offered through its subsidiaries, Island View Shipping, Unicorn Shipping and Unical Services. These services are limited to bulk cargo shipping, bunkering and tanker services. The

merging parties submit that these services do not compete with OACL's activities.

[7] The Commission is of the view that there is no horizontal overlap between activities of the merging parties. However, there is a limited vertical overlap that exists in the activities of Grindrod and OACL in that Grindrod provide shipping related services to OACL such as warehousing, insurance, IT, and communication services.

[8] The merging parties' market shares in all markets identified above are relatively small and do not raise competition concerns. It should be further noted that Grindrod's involvement in the port to port market is only through the joint venture, OACL, as such there is no market accretion. The barriers to entry in the port to port market are low. Furthermore, there are no foreclosure concerns.

[9] The Commission concludes that the proposed transaction is unlikely to prevent or lessen competition because there is no overlap in the activities of the merging parties, a conclusion we agree with.

CONCLUSION

[10] There are no significant public interest issues and we accordingly approve the transaction without conditions.

N Manoim

24 July 2012
DATE

A Wessels and M Mokuena concurring.

Tribunal Researcher: Thabo Ngilande

For the merging parties: Shepstone and Wylie Attorneys

For the Commission: Mogau Aphané