



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM266Jan18

In the matter between:

Mitsui & CO Ltd

Primary Acquiring Firm

And

ETC Group (Mauritius) Ltd

Primary Target Firm

Panel	:	Norman Manoim (Presiding Member)
	:	Medi Mokuena (Tribunal Member)
	:	Enver Daniels (Tribunal Member)
Heard on	:	16 February 2018
Order Issued on	:	16 February 2018
Reasons Issued on	:	12 March 2018

Reasons for Decision

Approval

[1] On 16 February 2018, the Competition Tribunal ("Tribunal") unconditionally approved the transaction involving Mitsui & CO Ltd ("Mitsui") and ETC Group (Mauritius) Ltd ("ETC Group"). The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firm

[2] *Mitsui* is a company incorporated and registered in accordance with the laws of Japan, and is listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, Sapparo Stock Exchange and the Fukuko Stock Exchange. Mitsui is not controlled by any firm. Mitsui is a conglomerate involved in many sectors. Of relevance to the proposed transaction, are Mitsui's activities as a grain trader.

It must be noted that Mitsui has no grain processing facility nor any staff in the country. The only presence Mitsui has had in the South African agricultural sector, was in the previous financial year, when its Uruguay subsidiary sold maize to a third party trader in Uruguay, who then brought it into South Africa.

Primary target firm

[3] *ETC Group* is a private company incorporated in accordance with the law of the Republic of Mauritius. ETC Group is controlled by ETC Holdings (Mauritius) Limited ("ETC Holdings"), Standard Charter Private Equity (Mauritius) III Limited (SPC") and PRIF Afrivest Limited (PR"). ETC Group controls various firms worldwide. In South Africa, ETC Group controls ETC Marine South Africa (Pty) Ltd and ETC Agro (Pty) Ltd. ETC Group is involved in various agricultural trading and processing businesses in 27 countries in Africa as well as North America, Europe, the Middle East and South East Asian countries. ETC Group's commodities include cashews, seeds, sugar, coffee and wheat amongst others. In South Africa, ETC Group only trades in maize but it does not have any maize production facilities.

Proposed transaction and rationale

[4] The proposed transaction entails the merging of two trading organizations, one which has no presence in South Africa (Mitsui), and another which has existing presence in South Africa (ETC Group).

Impact on competition

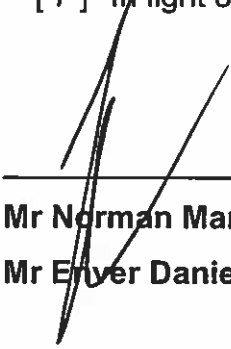
[5] The proposed transaction gives rise to a horizontal overlap in the national market for the wholesale of maize. The post-merger market share is less than 5% with an accretion of less than 5%. The merged entity will continue to face competition from various firms such as Seaboard Overseas Trading, Senwes and COFCO amongst others. The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market in South Africa. We concur with the Commission's finding.

Public interest

[6] The proposed transaction will not have any negative effect on employment, nor raise any other public interest concerns.

Conclusion

[7] In light of the above, we approve the proposed transaction unconditionally.



Mr Norman Manoim

12 March 2018

DATE

Mr Erver Daniels and Ms Medi Mokuena concurring

Tribunal Case Manager : Caroline Sserufusa
For the merging parties : Xolani Nyali of Bowmans
For the Commission : Nonhlanhla Msiza