



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 017996

In the matter between

SkyNet South Africa (Proprietary) Limited

Primary Acquiring Firm

And

The Warehouse and SkyNet Worldwide Express

Primary Target Firm

Division operated by Crossroads Distribution (Proprietary) Limited

Panel	:	Takalani Madima (Presiding Member)
	:	Andiswa Ndoni (Tribunal Member)
	:	Medi Mokuena (Tribunal Member)
Heard on	:	30 October 2013
Order issued on	:	30 October 2013
Reasons issued on	:	20 November 2013

Reasons for Decision

Approval

[1] On 30 October 2013 the Competition Tribunal ("Tribunal") unconditionally approved the merger between SkyNet South Africa (Proprietary) Limited ("SkyNet JV") and The Warehouse and SkyNet Worldwide Express Division ("SkyNet SA") operated by Crossroads Distribution (Proprietary) Limited ("CRD").

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

[3] The primary acquiring firm is SkyNet JV which is a special purpose vehicle which has been recently incorporated specifically to facilitate entry of SkyNet Africa Investments B.V ("SkyNet Investments") into South Africa. SkyNet Investments is in turn controlled as to 80% by SkyNet Europe BV ("SkyNet Europe"), a firm incorporated in terms of the laws of the Netherlands and provides courier, express and parcel services ("CEP services") in the Netherlands. SkyNet JV does not currently conduct any business activities.

[4] The primary target firm is SkyNet SA, a firm incorporated in terms of the company laws of the Republic of South Africa. CRD is jointly controlled by Crossroads Distribution Holdings (Pty) Ltd ("CDH") and By Nedcor Investments Limited ("NIL"). SkyNet SA Division is a member of the global "SkyNet Worldwide Express Network ("SkyNet Network"). Independently owned and operated locally in various jurisdictions around the world, the SkyNet Network is a unique international courier cooperative comprised of courier companies operating as SkyNet licenses. In South Africa SkyNet SA provides CEP services by collecting and delivering of various weights/volumes, by air or road to more than 450 locations across South Africa on a daily basis.¹

Proposed transaction

[5] In terms of the proposed transaction, SkyNet JV will purchase SkyNet SA operated by CRD as a going concern. Thus post merger SkyNet JV will have sole control of SkyNet SA

Competition assessment

[6] The proposed transaction raises no overlaps as the target firm does not conduct any business activities.

[7] In addition no geographic overlap arises since SkyNet Investments is active in Netherlands and SkyNet SA Division is active in South Africa.

¹ See page 57 of the Merger record.

Public interest

[8] An assessment on the impact of employment by the proposed transaction revealed that six employees from the target firm will be negatively affected. However these employees are six out of 760 employees, and they are highly skilled employees who can easily find employment. In addition when the Commission spoke to these employees, five out of the six submitted that they had already obtained alternative employment and they were happy with their retrenchment packages.² We are thus satisfied that the proposed transaction will not have negative impact on employment or any other public interest issue.

[9] Therefore, we conclude that the transaction is unlikely to substantially prevent or lessen competition in any relevant market.

CONCLUSION

[10] We approve the merger unconditionally.



Takalani Madima

20 November 2013
DATE

Andiswa Ndoni and Medi Mokuena concurring

Tribunal Researcher: Caroline Sserufusa

For the merging parties: HB Senekal of Edward Nathans Sonnenbergs Inc

For the Commission: Gilberto Biacuana

² See Transcript of hearing at page 2.