



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 018986

In the matter between:

BARLOWORLD SA (PTY) LTD

Primary Acquiring Firm

And

**JACMES MOTORS CC T/A VAN DER
LINDE TOYOTA AND CEV MOTORS (PTY) LTD**

Primary Target Firm

Panel	: T Madima (Presiding Member)
	: F Tregenna (Tribunal Member)
	: A Roskam (Tribunal Member)
Heard on	: 30 July 2014
Order Issued on	: 30 July 2014
Reasons Issued on	: 7 August 2014

Reasons for Decision

Approval

- [1] On 30 July 2014, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Barloworld South Africa (Pty) Ltd ("**Barloworld**")

SA”) to acquire the entire issued share capital of Jacmes Motors CC trading as Van Der Linde Toyota and CEV Motors (**“Jacmes Motors”**).

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

Parties to the transaction

- [3] The primary acquiring firm is Barloworld SA, a wholly-owned subsidiary of Barloworld Limited Group (**“Barloworld Group”**). The Barloworld Group is listed on the Johannesburg Securities Exchange and it is not controlled by any single shareholder. Barloworld SA controls a number of firms.
- [4] The primary target firm is Jacmes Motors, a company jointly controlled by Mr James Alwyn Van der Linde and Mr Jacob Gerhardes Van der Linde.

Proposed Transaction and Rationale

- [5] Barloworld intends to acquire the entire issued share capital in Jacmes Motors, this includes goodwill and assets.
- [6] The proposed transaction will enable Barloworld SA automotive to grow in the Northern Cape Province (**“Province”**) within the Toyota, VW, Caltex and Engen brands. The Province is experiencing economic growth largely attributed to mining and agricultural activities. The Barloworld SA retail business offering will also grow by enhancing links between manufacturers and customers and a better range of products which customers can choose from.
- [7] For Jacmes Motors the proposed transaction will enable the shareholders to realise their investments in the business. The transaction will also ensure that the business operations are kept intact and that the employment levels are not affected.

Relevant Market and Impact on Competition

- [8] The merging parties are both active in the market for retail or distribution of new and used motor vehicles. The Barloworld Group is a distributor of leading international brands and provides integrated rental, fleet management, product support and logistics solutions. The Barloworld Group controls various joint ventures, consolidated and unconsolidated subsidiaries such as Avis Southern Africa Limited, Barloworld Equipment (Pty) Ltd, 1-Lyster, Volkswagen, BMW, Chrysler, Audi, Ford and Toyota dealerships in the Free State, KZN, Mpumalanga, Gauteng and Western Cape region. The Barloworld Group provides a link between the manufacturer and customer and it also adds value through sales, after-market support and solutions to customers.
- [9] Jacmes Motors is active in the retail of new and used motor vehicles and on the sale of fuel. Jacmes Motors comprises of the Toyota and VW dealerships as well as Engen and Caltex service station. They are all located in the region of Postmasburg in the Province. It also provides automotive parts and accessories and repair and/or ancillary services.
- [10] There is a product overlap in the market for the retail or distribution of new and used motor vehicles as both the merging parties operate vehicle dealerships. The Commission further identified a geographic overlap even though the distance between Kuruman, where Barloworld's dealership is based and Postmasburg, where Jacmes Motors is based within 127km distance separating them. The Commission is of the view that the Province is a wide spread region. Competitors such as Toyota and Delta were contacted, they confirm that the two dealerships do indeed compete with one another even with the distance and customers are willing to travel up to 200km within the Province.
- [11] The Commission is of the view that there is sufficient competition in this market since all the dealerships can buy pre-owned vehicles and resell them to the end customer. The merging parties will still face competition from over 60 dealerships within a 200km radius.

Conclusion

[12] In light of the above I conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the markets for the retail of new and used passenger vehicles. In addition, no public interest issues arise from the proposed transaction. Accordingly I approve the proposed transaction unconditionally.



Dr T Madima

7 August 2014
DATE

Prof. F Tregenna and Mr A Roskam concurring.

Tribunal Researcher:	Moleboheng Moleko
For the merging parties:	Iona Dhladhla -Bowman Gilfillan Incorporated
For the Commission:	Hardin Ratshisusu, Seema Nunkoo and Thelani Luthuli