



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM299Mar18

In the matter between:

Premier Fishing SA (Pty) Ltd

Acquiring Firm

and

Talhado Fishing Enterprises (Pty) Ltd

Target Firm

Panel : Andreas Wessels (Presiding Member)
: Enver Daniels (Tribunal Member)
: Fiona Tregenna (Tribunal Member)

Order issued on : 9 May 2018
Reasons issued on : 5 June 2018

REASONS FOR DECISION

Approval

- [1] On 9 May 2018, the Competition Tribunal ("Tribunal") unconditionally approved the large merger involving Premier Fishing SA (Pty) Ltd ("Premier Fishing") and Talhado Fishing Enterprises (Pty) Ltd ("Talhado").
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction and their activities

Primary acquiring firm

- [3] The primary acquiring firm is Premier Fishing which is ultimately controlled by Dr Iqbal Surve. Premier Fishing controls Premfish Seafoods (Pty) Ltd and Marine Growers (Pty) Ltd.
- [4] Premier Fishing is predominantly involved in commercial fishing, fish processing and marketing. Specifically relevant to the competition assessment of this transaction are its operations in the harvesting, processing and marketing of chokka squid.

Primary target firm

- [5] The primary target firm is Talhado which is controlled by Scofish (Pty) Ltd which is in turn controlled by the trustees for the time being of Standur Trust. Talhado is involved in the harvesting, processing and marketing of squid.

Proposed transaction and rationale

- [6] In terms of the proposed transaction Premier Fishing intends to acquire 50.31% of the issued shares in Talhado and in a second step it will acquire shares from the minority shareholders in certain firms controlled by Talhado. The Competition Commission ("Commission") submitted that the two-steps constitute a single indivisible transaction.
- [7] Premier Fishing submitted that the proposed transaction would assist it in growing its business.
- [8] Talhado submitted that the proposed transaction will increase its empowerment credentials and efficiencies.

Relevant market and impact on competition

- [9] The Commission identified a horizontal overlap between the activities of the merging parties in the harvesting, processing and marketing of squid. The Commission did not delineate between harvesting, processing and marketing since the bulk of the processing of squid generally occurs on the shipping vessels.
- [10] The Commission calculated market shares using two methods. First, the Commission utilized the "total allowable effort" since that is the metric used by the Department of Agriculture, Forestry and Fisheries to regulate the sector. Using this method, the merged entity would have a national market share of less than 20% in the harvesting, processing and marketing of squid. The Commission also calculated market shares using 2017 revenue figures and on this basis found the merging parties' combined national market share to be less than 25% in the harvesting, processing and marketing of squid. According to the Commission's market investigation, other market participants include Balobi, Pioneer, Komicx, Blue Seas, Irvin & Johnson and Kaytrad. Based on the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the identified relevant market.
- [11] We concur with the Commission's finding that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market.

Public interest

- [12] The merging parties submitted, which was confirmed by the Commission, that the proposed transaction will not have any negative effect on employment.¹
- [13] The proposed transaction further raises no other public interest concerns.

¹ Record pages 6 and 50.

Conclusion

[14] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Andreas Wessels

5 June 2018

Date

Mr Enver Daniels and Prof Fiona Tregenna concurring

Tribunal Case Manager : Ms Aneesa Ravat

For the merging parties : Ms N Mia of Cliffe Dekker Hofmeyr

For the Commission : Mr W Gumbie