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**Pioneer Foods and Futurelife merger approved by Tribunal with conditions**

The Competition Tribunal has approved a merger between JSE-listed company Pioneer Foods and Futurelife Health Products, by which Pioneer Foods acquires a 50% shareholding in Futurelife. The approval is subject to conditions, however.

The Competition Commission originally approved the merger without conditions, but after a hearing of six days, which included intervention by competitor Kellogg South Africa who opposed the merger, they agreed to an understanding as a condition for the merger.

The Competition Tribunal is satisfied that the undertaking, as proposedby the parties, is adequate to ameliorate any anticompetitive effectsbrought about by the merger.

The key issue during the merger hearing was the competitive relationship between Pioneer Foods’ ProNutro products and Futurelife’s nutrient-dense health food product.

The merging parties asserted that these products form part of a broader breakfast food/functional food market, while Kellogg felt they formed part of the ready-to-eat porridge market, of which ProNutro and Futurelife are close competitors.

The conditions deal with ensuring that the joint venture is to be managed by Futurelife founder and CEO Paul Saad, who will be in control of the day-to-day running of the joint venture.

Secondly, the merging parties must prevent an information flow from the joint venture to persons in the Pioneer Foods business who deal with competing products. Lastly, they are required to ensure that investment in the ProNutro brand is maintained at its current levels for a period of two years after the period of the merger.

The conditions will ensure that competition between the two products is unrestrained in the short term.

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