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9 March, 2016

**Raumix Aggregates merger approved by the Tribunal subject to conditions**

The small merger of Raumix Aggregates and OMV Group, originally prohibited by the Competition Commission, has been subsequently approved by the Competition Tribunal subject to certain conditions at a hearing held today, 9 March 2016.

In July 2015, the Competition Commission prohibited the merger prompting the merging parties to approach the Tribunal to consider the Commission’s decision. They asked that the merger be approved unconditionally.

OMV owns a quarry in Kimberley which supplies inputs to the construction and road construction industry. Raubex Aggregates is part of the Raubex Group which is also involved in the downstream market for road construction.

The Commission was concerned, among other things, that the proposed merger would substantially prevent or lessen competition in the market for the production and supply of aggregates used in the surfacing of roads in the Kimberly area. Other than the OMV Group there are no other suppliers of a specific grade of stone in the Kimberly area. Post merger rivals of Raubex in the road construction market would have to tender against it for construction work from SANRAL but also depend on it to supply the input road materials which were too expensive to transport from elsewhere.

The Commission was also concerned that Raubex, which owns quarries in other regions, would raise the prices of its inputs to the road construction industry.

The Tribunal asked that the Commission and the merging companies attempt to draft an agreement that would address the Commission’s concerns.

The conditions imposed relate to controls relating to the pricing of aggregated crushed road stone and the non-discrimination of competitors in the road contracting sector, as well as an undertaking that there would be no internal and secret discounts to Raubex for road stone.

Conditions also provide for monitoring of the requirements set down, including that the Kimberley target firm OMV Group, shall upon request and reasonable notice, provide the Commission with sufficient information to demonstrate that the target firm has not discriminated in favour of Raubex.

The South African National Roads Agency (SANRAL) that had raised concerns during the Commission’s investigation, was present at the hearing and said it was satisfied with the conditions.

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