
**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case Number: 08/LM/Jan00

In the large merger between

Imperial Holdings Ltd

and

Safair (Pty) Ltd

Reasons for Competition Tribunal's Decision

(a) Approval

The Competition Tribunal issued a Merger Clearance Certificate on 2 February 2000 approving without conditions the merger between Imperial Holdings Ltd ("Imperial") and Safair (Pty) Ltd ("Safair"). The reasons for our decision to approve the merger are set out below.

(b) The Merger transaction

The merger transaction was concluded in December 1998 and was notified to the Competition Commission in terms of Schedule 3 of the Competition Act, 1998.

In terms of the transaction, the primary acquiring firm, Imperial Holdings Ltd, purchased from South African Marine Corporation Ltd all its shares and other interests in the target firm, Safair (Pty) Ltd.

(c) Evaluating the merger

In assessing a merger in terms of section 16 of the Competition Act, the Tribunal must consider –

- (d) whether or not the merger is likely to substantially prevent or lessen competition; and
- (e) whether the merger can or cannot be justified on substantial public interest grounds by considering the effect of the merger on each of the following: a particular industrial sector or region; employment; the ability of small businesses or firms controlled by historically disadvantaged persons, to become competitive; and the ability of national industries to compete in international markets.

To answer the question whether the merger is likely to substantially prevent or lessen competition, the Tribunal must, in terms of Section 16(2), assess the strength of competition in the **relevant market** and the probability that the firms in the market after the merger will behave competitively or co-operatively.

The Relevant Market

Safair's business focused on the chartering and leasing of large commercial aircraft to commercial airline operators.

Imperial is an investment holding company, which holds interests in subsidiary companies whose business operations span several interrelated sectors focusing mainly on transportation-related services. At the time of the transaction none of Imperial's subsidiaries conducted business operations similar to the business of the target firm and, in fact, did not participate at all in the air transport sector.

Consequently, there is no product overlap, or potential product overlap due to product substitutability, between the acquiring and the target firms.

Impact on competition

Because this is a conglomerate merger with no horizontal or vertical relationship between the product markets of the merging parties, it is unlikely to prevent or lessen competition.

Public interest considerations

None of the public interest considerations listed in section 16(3) appear to be relevant to this merger.

28 February 2000

D.H. Lewis
Presiding Member

Date

Concurring: D.R. Terblanche and N.M. Manoim