



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM075Jul22

In the matter between:

SALIC International Investment Company

Acquiring Firm

and

Olam Agri Holdings Pte. Ltd.

Target Firm

Panel : Imraan I. Valodia (Presiding Member)
: Andiswa Ndoni (Tribunal Panel Member)
: Vilakazi Thando (Tribunal Panel Member)

Heard on : 30 August 2022

Order issued on : 30 August 2022

Reasons issued on : 22 September 2022

REASONS FOR DECISION

Approval

- [1] On 30 August 2022, the Competition Tribunal (“Tribunal”) unconditionally approved the large merger wherein SALIC International Investment Company (“SIIC”) intends to acquire an indirect stake of approximately 35.43% in Olam Agri Holdings Pte. Ltd. (“Olam Agri”). Upon the implementation of the proposed transaction, SIIC will exercise joint control over Olam Agri.

Parties to the transaction and their activities

Primary acquiring firm

- [2] The primary acquiring firm is SALIC International Investment Company (“SIIC”), a company incorporated under the laws of the Kingdom of Saudi Arabia (Saudi Arabia).
- [3] SIIC is controlled by the Saudi Agricultural and Livestock Investment Company (“SALIC”).
- [4] SIIC and all the firms, directly or indirectly, controlled by it are, hereafter, collectively referred to as the ‘Acquiring Group’¹.
- [5] The Acquiring Group is an investment company with holdings in various international companies specialized in the fields of agriculture and the trading of food commodities.

Primary target firm

- [6] The primary target firm is Olam Agri Holdings Pte. Ltd. (“Olam Agri”), a company incorporated under the laws of Singapore.
- [7] Olam Agri is entirely controlled by the Olam Group Limited (“Olam Group”), a company incorporated under the laws of Singapore.
- [8] All firms directly and indirectly controlled by Olam Group are collectively referred to as “Target Firm”.
- [9] The Target Firm is a merchant and processor of agricultural goods, with activities spanning the entire value chain: production, origination, processing, storing, transporting, and merchandising.

Proposed transaction and rationale

Transaction

- [10] The proposed transaction involves the acquisition by SALIC of an indirect stake of approximately 35.43% in Olam Agri. Upon the implementation of the proposed transaction, SALIC will exercise joint control over Olam Agri as envisaged by section 12(2)(g) of the Competition Act No. 89 of 1998, as amended (“Act”).

Rationale

- [11] The acquiring firm submits that Olam Agri’s commercial success, expertise, and scale in key commodity sourcing and processing will add significantly to SALIC’s international portfolio.

¹ The Acquiring Group does not directly or indirectly control any firms in South Africa.

[12] The target firm submits that the proposed transaction represents an attractive strategic investment opportunity for SALIC and a compelling fit with its long-term investment strategy. The investment is complementary to SALIC's existing investments.

Relevant market and impact on competition

[13] The Competition Commission ("the Commission") considered the activities of the merging parties and found that they do not overlap horizontally or vertically.

[14] The reason for this is that Olam Agri is a merchant and processor of agricultural goods in South Africa whereas the Acquiring Group is an investment company which does not control any firms or have any business activities in South Africa.

[15] As such, there are no market share accretion in any market that may be found to exist in South Africa.

[16] Based on the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

[17] When assessing the proposed transaction, the Tribunal did not find any evidence suggesting that that the relevant market should be broader than the one defined above.

Relevant counterfactual

[18] The Tribunal assessed the prospects for competition with the proposed transaction against the competitive status quo without the proposed transaction. Based on the above evidence, it concluded that there are no competitive concerns raised.

[19] No third parties raised concerns regarding the effects of the proposed transaction on competition.

[20] The Tribunal concludes that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

Public interest

Effect on employment

[21] The Commission engaged with the merging parties who submitted that the proposed transaction will not give rise to any retrenchments in South Africa as the proposed transaction is an international transaction.

[22] We agree with the Commission's findings that the proposed transaction is unlikely to have a negative impact on employment in South Africa.

Effect on the spread of ownership

[23] The Commission noted that both the Acquiring and Target Firm are not controlled by shareholders who are historically disadvantaged persons.

[24] This is because, the proposed transaction is an international transaction, whereby SIIC intends to acquire joint control of Olam Agri.

[25] The primary acquiring firm is based in the Kingdom of Saudi Arabia and the primary target firm is based in Singapore, with the proposed transaction therefore taking place outside South Africa.

[26] The Commission found that the proposed transaction raised no further public interest concerns, and the Tribunal concurs.

Conclusion

[27] Considering the above, The Tribunal conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Accordingly, we approve the proposed transaction unconditionally.

Prof. Imraan I. Valodia

22 September 2022

Date

Concurring: Ms Andiswa Ndoni and Dr. Vilakazi Thando

Tribunal case manager : Baneng Naape

For the merging parties : Xolani Nyali and Kayla Abrahams of Bowmans Law

For the Commission : Horisani Mhlari and Ratshidaho Maphwanya