



## MERGER DECISION NO 50: 2021

### Notice in Terms of Section 53(4) (a) (ii) of the Competition Act of 2018

#### **DECISION ON THE ASSESSMENT OF THE PROPOSED SALE AND PURCHASE OF PETROCHEMICAL TANKER TRAILERS FROM PETROLOGISTICS (BOTSWANA) (PTY) LIMITED BY TRANSPORT HOLDINGS LIMITED.**

##### **Introduction of the Merging Parties**

- i. Pursuant to section 53(4)(a)(ii) of the Competition Act of 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in respect of the proposed acquisition of Petrochemical Tanker Trailers owned by Petrologistics (Botswana) (Pty) Limited ("Petrologistics") by Transport Holdings Limited ("Transport Holdings"). The transaction was notified to the Authority on 26<sup>th</sup> November 2021 and was completed on 16<sup>th</sup> December 2021.
- ii. The acquiring enterprise, Transport Holdings, is a company incorporated in accordance with the Laws of Botswana. Transport Holdings is owned 80% by Mr Anthony Lee and 20% by Botswana Development Corporation. Transport Holdings is in the business of large scale transportation nationwide as well as in neighbouring countries of South Africa, Mozambique and Namibia.
- iii. The target enterprise, Petrologistics, is a company registered in accordance with the Laws of Botswana. Petrologistics is engaged in the transportation of petrochemical products into and within Botswana.

##### **Relevant Markets**

- iv. Both parties operate in the market for the provision of road fuel transportation services (using truck and tanker trailer) in Botswana. Hence, the product market can be termed as the provision of road fuel transportation services (using truck and tanker trailer) in Botswana.

##### **Competitive Analysis and Public Interest**

- v. The Authority's assessment revealed that the acquisition of the Targeted assets is not expected to substantially lessen competition due to the fact that there will be insignificant change in the market.

This is mainly because of the existence of countervailing power from independent fuel retailers who can constrain the behaviour of the merged entity post-merger; hence this countervailing power will make substantial lessening of competition unlikely. Moreover, there is a plethora of foreign and local competitors in the fuel transportation business that will also constrain merged entity post-merger. The proposed merger is expected to result in public benefits in that, the acquisition of these assets by Transport Holdings will allow for the following:

- A wholly-owned citizen company to increase its participation in the fuel industry and increase its footprint in the country;
- Employment maintenance;
- The merger will allow a citizen-owned company to fulfil its supply obligations; and
- Inject capital into the company.

### **The Determination**

- vi. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, there will be some public benefits that will be realised from the implementation of the proposed merger.
- vii. Pursuant to the provision of section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of Petrochemical Tanker Trailers owned by Petrologistics (Botswana) (Pty) Limited by Transport Holdings Limited.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 16<sup>th</sup> day of December 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013