

**COMPETITION TRIBUNAL  
REPUBLIC OF SOUTH AFRICA**

**Case No: 01/LM/Jan02**

**In the large merger between:**

**ABN AMRO BANK N.V.**

**and**

**PAMODZI FOODS (PTY) LIMITED**

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**Reasons**

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**Approval**

1. On 30 January 2002 we approved without conditions the merger between ABN Amro Bank N.V. (ABN Amro) and Pamodzi Foods (Pty) Limited. The reasons for our decision appear below.

**The Transaction**

2. The target firm, Pamodzi Foods (Pty) Limited (Pamodzi), is a wholly owned subsidiary of Pamodzi Investment Holdings Limited. Both Pamodzi and Pamodzi Investment Holdings are investment companies. Pamodzi has an indirect control over Foodcorp (Pty) Limited through a 50,1% shareholding in Foodcorp Holdings, which is the sole shareholder in Foodcorp (Pty) Limited. Foodcorp (Pty) Limited is the principal trading entity and operates in the food sector.
3. ABN Amro, a bank registered in the Netherlands, provides financial services. Its portfolio of services includes wholesale banking to wholesale clients; consumer and commercial advice to individuals and medium-sized businesses and investment and asset management products to private clients. ABN Amro has subsidiaries throughout the world, including South Africa.
4. The merger transaction involves a restructuring of the equity in Pamodzi. ABN Amro holds 365 033 preference shares in Pamodzi which shares were to be redeemed on 28 April 2001. Pamodzi is not in a position to redeem these shares. The parties have therefore decided to embark on this transaction to restructure the equity in Pamodzi in order to facilitate

the settlement of obligations between them. The restructuring of the equity entails the transfer of 80% of the total issued share capital in Pamodzi to ABN Amro. ABN will continue to hold the preference shares.

5. According to the parties, the objective of the transaction is to ensure that Pamodzi derives maximum benefits from its investment in Foodcorp Holdings. The transaction is also intended to help Pamodzi reach a position where it can redeem the preference shares and pay all arrear dividends due to ABN Amro by no later than 28 April 2004.
6. Post the merger, ABN Amro and Pamodzi Investment Holdings Limited will hold 80% and 20% of the ordinary shares in Pamodzi, respectively. As a result of the merger, ABN Amro will also acquire an indirect shareholding of 40,08% in Foodcorp Holdings (Pty) Limited, with Pamodzi Holdings Limited's interest therein going down to 10,02%.

### **Product Markets**

7. Pamodzi is an investment company. It is indirectly involved in the food sector through its interest in Foodcorp (Pty) Limited by virtue of its 50,1% shareholding in Foodcorp Holdings (Pty) Limited. According to the information provided by the parties Pamodzi has no interest in the financial services sector<sup>1</sup>.
8. ABN Amro, as mentioned above, provides services in the financial sector. According to the Commission' report, ABN Amro and its subsidiaries are not involved in the food sector.

### **Impact on Competition**

9. According to the information provided by the Commission and the parties, there is no overlap in the services provided by the merging parties or their subsidiaries. In the circumstances we find that the merger is unlikely to prevent or lessen competition in any market.

### **Public Interest Concerns**

10. The Commission found that the merger would not raise any significant public interest concerns. The merging parties assured the Commission that no retrenchments will result directly from this merger.

### **Conclusion**

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<sup>1</sup> Pamodzi's parent company, Pamodzi Investment Holdings Limited, does, however, hold a 9% shareholding in African Merchant Bank Holdings Limited.

11. The merger between ABN Amro Bank N.V. (ABN Amro) and Pamodzi Foods (Pty) Limited is approved without conditions.

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Norman Manoim

11 February 2002  
Date

Concurring: U Bhoola; DH Lewis