



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 016196

In the matter between:

Prestige Bullion (Pty) Ltd

Acquiring Firm

And

Rand Refinery (Pty) Ltd

Target Firm

Panel : Yasmin Carrim (Presiding Member),
Mondo Mazwai (Tribunal Member)
and Andiswa Ndoni (Tribunal Member)

Heard on : 17 April 2013

Order issued on : 17 April 2013

Reasons issued on : 08 May 2013

Reasons for Decision

Approval

[1] On 17 April 2013 the Competition Tribunal ("Tribunal") approved the merger between Prestige Bullion (Pty) Ltd ("Prestige"), and Rand Refinery (Pty) Ltd ("Rand Refinery") in respect of the 22 Carat Gold Krugerrand Bullion Coin Marketing, sale and distribution business ("Krugerrand Bullion") of Refinery. The reasons for approving the proposed transaction follow below.

Parties to the Transaction

- [2] The primary acquiring firm is Prestige, a company incorporated in accordance with the laws of the Republic of South Africa. Prestige is a joint venture between Rand Refinery and SA Mint. This joint venture will acquire the business of Rand Refinery that is currently active in the distribution and marketing of Kruger Bullion Coins. .
- [3] The target firm is the Kruger Bullion business of Rand Refinery which is involved in the marketing, sale and distribution of Krugerrand bullion coins.
- [4] Rand Refinery is the primary refiner which refines various precious gold metals, metals which can be used in the minting of Kruger Bullion Coins. SA Mint mints Kruger Bullion Coins.

The Rationale

- [5] The MD of the South African Mint Company (Pty) Ltd ("SA Mint") Mr Tsehlo, during the hearing submitted that the rationale for the transaction is to correct a long standing anomaly in the market, whereby Refinery, a private entity, has distribution rights to a product like the Kruger Rand which is legal tender and which by law ought to be produced and distributed to the public by the SA Mint.¹

The relevant market and the impact on competition

- [6] The relevant product market is the upstream national market for the minting of Kruger bullion coins, and the downstream national market for the marketing and distribution of Kruger bullion coins.²
- [7] The market for the production of Kruger bullion coins presents significant statutory barriers to entry since the South African Bank

¹ See Transcript para, page . SA Mint is the only company active in the market for the minting of Kruger bullion coins by law.

²

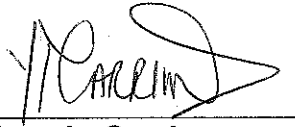
("SARB") is the entity lawfully permitted to commission and produce legal tender.³

[8] There is no horizontal overlap between the activities of the merging parties, however there is a vertical overlap as the target firm sells and distributes Kruger bullion coins produced or minted by SA Mint. Such vertical overlap however is unlikely to cause any significant foreclosure concerns.⁴ As explained by Mr Tsehlo during the hearing, SA Mint sells numismatic coins directly to the public, and does not sell Bullion coins directly to the public, nor does it have any intentions to do so in future. Hence there will be no change in the current distribution practice and it will continue post merger.

CONCLUSION

[9] In light of the above, we find that the transaction is unlikely to substantially prevent or lessen competition in the relevant markets.

[10] There are no significant public interest issues and we accordingly approve the transaction.



Yasmin Carrim

08 May 2013
DATE

Mondo Mazwai and Andiswa Ndoni concurring.

Tribunal Researcher:

Caroline Sserufusa

For the merging parties:

Nkonzo Hlatshwayo of Webber Wentzel

For the Commission:

Themba Mahlangu

⁴ See Commission Report page 5.