

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 61/LM/Jul05

In the large merger between:

Imperial Group (Pty) Ltd

and

Bulktrans (Pty) Ltd

Reasons for Decision

APPROVAL

On 30 August 2005 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between the Imperial Group (Pty) Ltd and Bulktrans (Pty) Ltd in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

The Parties

1. The acquiring firm is Imperial Group (Pty) Ltd. ("IG"). IG is controlled by Imperial Holdings Ltd, along with a number of other subsidiaries.
2. The primary target firm is Bulktrans (Pty) Ltd ("BT"), controlled by Eyethu Logistics, ultimately controlled by the Deysel Family Trust ("Deysel"). Bulktrans controls other firms in Botswana, Namibia, Lesotho and Swaziland.

The Merger Transaction

3. IG will acquire 100% of the transport assets (including customer contracts being ceded), trademarks and goodwill of BT and its subsidiaries.

Rationale for the Transaction

4. BT wishes to exit the business of providing logistics and transport services to petrochemical companies. It lacks the technical infrastructure and

resources to be able to services its vehicles sufficiently. It is unable to grow and remain viable in the market.

The relevant product market

5. The product overlap between the activities of BT and IG is in the transportation and distribution of petrochemicals. This is a narrower interpretation of the market, which could conceivably be broadened to include other modalities of transportation of fuel, such as rail or pipeline.
6. The Commission did not express a view as to whether the relevant market may be broadened, since no competition concerns arise on the narrower definition. We agree with this approach.

The relevant geographic market

7. Since the large oil companies tender for the distribution of petrochemicals on a nationwide basis, the market is defined as a national one.

Effect on Competition

8. The combined post-merger market share is estimated at 4.55%. BT's contribution to this market share is less than 1%. There are at least 12 other competitors in this market.
9. The Commission market enquiries revealed that barriers to entry into the market are low and that tanker capacity in the market is due to increase.
10. There are no vertical concerns arising from this transaction.

Conclusion

We conclude that the merger will not lead to a substantial lessening or prevention of competition.

The Tribunal therefore approves the transaction unconditionally. There are no public interest concerns which would alter this conclusion.

N. Manoim

1 September 2005
Date

Concurring: Y. Carrim, D. Lewis

For the merging parties:
For the Commission: