



MERGER DECISION NO 11: 2015

DECISION ON THE PROPOSED ACQUISITION OF 100% INTEREST IN THE ISSUED SHARE CAPITAL OF TYRE SERVICES (PTY) LTD BY TYRE CORPORATION BOTSWANA (PTY) LTD

PURSUANT to section 60(4)(a)(ii) of the Competition Act (Cap 46:09), notice is hereby given on the decision made by the Competition Authority in respect of the proposed acquisition of 100% interest in the issued share capital of Tyre Services (Pty) Ltd by Tyre Corporation Botswana (Pty) Ltd.

The Authority determined to authorise the proposed transaction on the grounds that the merger does not raise any competition concerns in the market for the supply of new and retread tyres and provision of on-site tyre management and maintenance services.

However, the Authority is concerned about diminishing opportunities for the local manufacturing sector as a result of increased focus on importing retreads from neighbouring countries. With a post-merger market share that is likely to result in the merged entity being a dominant importer of retreads, the Authority is desirous to see a situation where such an entity will be proactive to study the possibility of domesticating value addition within Botswana. This concern is due to the fact that some local companies with less market share to the merged entity are engaged in the manufacturing of retreads in Botswana.

The merged entity should revert to the Authority within a period of a year from 21st April, 2015 with an update on the progress achieved towards opening the manufacturing plant.

Pursuant to the provisions of section 55 of the Competition Act, the Authority has conditionally approved the proposed merger. However, as stated under section 66 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 this 21st day of April, 2015

Thula Kaira, Chief Executive Officer, Competition Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013