



MERGER DECISION NO 29: 2015

DECISION ON THE PROPOSED ACQUISITION OF 50% INTEREST IN EACH OF LOBATSE CANVAS (PTY) LTD AND BOTSWANA CAP & HELMET MANUFACTURERS (PTY) LTD BY CANVAS & TENT MANUFACTURING (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 50% interest in each of Lobatse Canvas (Pty) Ltd and Botswana Cap & Helmet Manufacturers (Pty) Ltd by Canvas & Tent Manufacturing (Pty) Ltd.

The Authority determined to unconditionally authorise the proposed transactions on the grounds that the analysis of the case has shown that there are no substantive competition concerns that will arise in the market for supply of canvas and canvas related products, given the fact that:

- i) The proposed transactions are not likely to result in any substantial lessening of competition, nor endanger the continuity of the service, due to the fact that the market for supply of canvas and canvas related products is substantially a bidding market (i.e. the bulk of the business is conducted through tenders). Furthermore, the continued existence of competitive constraints such as countervailing power and low barriers to entry that will remain in the relevant market will ensure that rivalry continues in the market; and
- ii) Though the mergers would result in the merged entity strengthening their dominant position in the relevant product market, the continued existence of competitive constraints that will remain in the relevant market will ensure that rivalry continues to discipline the commercial behaviour of the merged firms.

The Authority also took cognisance of the fact that Canvas & Tent Manufacturing has committed to use all its endeavours to ensure that the businesses belonging to Lobatse Canvas and Botswana Cap & Helmet Manufacturers are maintained as manufacturing businesses instead of distribution points for imported products. The Authority further noted the commitment by Canvas & Tent Manufacturing of ensuring increased capabilities and transfer of skill and knowledge in Lobatse Canvas and Botswana Cap & Helmet Manufacturers.

Pursuant to the provisions of section 55 of the Competition Act, the Authority has therefore unconditionally approved the acquisition of 50% interest in each of Lobatse Canvas (Pty) Ltd and Botswana Cap & Helmet Manufacturers (Pty) Ltd by Canvas & Tent Manufacturing (Pty) Ltd. This approval is nonetheless only limited to the acquisition of

50% shares in each of Lobatse Canvas and Botswana Cap& Helmet Manufactures, and any further change in shareholding should be notified to the Authority.

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 15th day of October, 2015

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