



## MERGER DECISION NO 34: 2021

### Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

#### DECISION ON THE PROPOSED ACQUISITION OF 100% ISSUED SHARES IN OTRACO INTERNATIONAL PTY LTD BY BRIDGESTONE MINING SOLUTIONS AUSTRALIA PTY LTD

##### Introduction of the Merging Parties

- i. Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 (“the Act”), notice is hereby given on the decision made by the Competition and Consumer Authority (“The Authority”) in respect of the proposed acquisition of 100% issued shares in Otraco International Pty Ltd [“Otraco International”], from Downer EDI Mining by Bridgestone Mining Solutions Australia Pty Ltd [“Bridgestone Mining”]. The transaction was notified to the Authority on 18<sup>th</sup> August 2021 and the merger assessment was completed on 12<sup>th</sup> October 2021.
- ii. The Acquiring Enterprise, Bridgestone Mining, is a company incorporated under the Laws of Australia. Bridgestone is active in Botswana through Bridgestone Botswana (Pty) Ltd [“Bridgestone Botswana”], which is held through Bridgestone South Africa Holdings (Pty) Ltd. Bridgestone Mining offers pit-to-port solutions for the mining, industrial and construction industries in Australia; and its main business lines are:
  - a) Supply of tyres for all manner of mining equipment and Off The Road (OTR) vehicles. OTR tyres are supplied for use on trucks, including dump trucks and articulated dump trucks, coal haulers and scrapers;
  - b) Supply of conveyor belts and ancillary services; and
  - c) Supply of other products including hydraulic hoses and rubber track.
- iii. Bridgestone Botswana is in the business of the wholesale supply of tyres for consumers (car, 4×4 and SUV tyres), as well as the supply of tyres and related services to commercial customers (including in respect of tyres for trucks and buses, and agricultural tyres and OTR tyres). These tyres are supplied under the Bridgestone and Firestone brands.
- iv. The Target Enterprise, Otraco International, is a company incorporated under the Laws of Australia. Otraco International is active in Botswana through Otraco Botswana (Pty) Ltd [“Otraco Botswana”]. Otraco International is a global provider of OTR and

light vehicle tyre management solutions to customers across the mining sector in Australia, New Zealand, Chile and Southern Africa (South Africa, Botswana and Namibia). Otraco International's core OTR tyre management services offering is supported by a proprietary computerised tyre management system called Otracom. Otraco also supports the operation of tyre pressure monitoring systems via software applications, and supplies industrial products such as in-house designed tyre fitting tools and related consumable products.

- v. Otraco Botswana has previously provided OTR tyre management services in Botswana, including software and related products, but its current activities in the country are very limited.

### **Relevant Markets**

- vi. In terms of the relevant market, the assessment of the Proposed Transaction revealed that the Acquiring Enterprise and the Target Entity are both active in the provision of OTR tyre management services internationally. However, in Botswana, the Target Entity's current activities are limited to the supply of its tyre management software and ad hoc sales of industrial products to customer based in Botswana. On the other hand, although the provision of OTR tyre management services forms part of the Acquiring Firm's overall service offering in Southern Africa, the Acquirer does not currently provide these services in Botswana; and is instead primarily active in relation to the wholesale supply of tyres in the country. In light of that, there is lack of geographic overlap between activities of the Merging Parties in Botswana.

### **Competitive Analysis and Public Interest**

- vii. The Authority's assessment did not reveal any substantial lessening of competition concerns that would arise as result of the Proposed Transaction due to the absence of geographic overlap in the activities of the Merging Parties. Accordingly, the proposed transaction is not expected to alter the market structure in the relevant market post implementation; and as such, the Authority does not anticipate any competition concerns and public interests concerns to arise in the relevant market in Botswana post-merger.

### **The Determination**

- viii. The Authority determined through the analysis of the facts of the merger, that the Proposed Transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service, in the relevant market in Botswana.
- ix. Furthermore, there is no acquisition of market dominance post-merger; nor any negative effect on public interest in Botswana identified, in relation to the provisions of the section 52 of the Competition Act 2018.

- x. Pursuant to the provision of Section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of 100% issued shares in Otraco International Pty Ltd, from Downer EDI Mining Pty Ltd by Bridgestone Mining Solutions Australia Pty Ltd.

However, as stated under section 61 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 on this 12<sup>th</sup> day of October 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013