



MERGER DECISION NO 28: 2023

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 97% OF THE ISSUED SHARE CAPITAL IN VEGI BLOCK (PTY) LTD BY VERSFELD TRUST

Introduction of the Merging Parties

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 relation to the proposed acquisition of 97% of the issued share capital in Vegi Block (Pty) Ltd ("Vegi Block" or the "Target Enterprise") by Versfeld Trust ("Versfeld" or the "Acquiring Enterprise"). The transaction was notified to the Authority on 22nd June 2023, and the merger assessment was completed on 21st August 2023.

The Acquiring Enterprise, Versfeld, is a trust incorporated in accordance with the Laws of Botswana exclusively for the purpose of the proposed merger. Versfeld is controlled by Frederick Pieter Versfeld. The Acquiring Enterprise is currently not operational and does not control any business in Botswana. On the other hand, the Target Enterprise, Vegi Block, is a company incorporated in accordance with the Laws of Botswana. Vegi Block is controlled by Lodewikus Johannes Janse Van Vuuren and Marina Janse Van Vuuren. In turn, Vegi Block does not directly or indirectly control any firm.

Relevant Markets

The Merging Parties are companies duly incorporated in accordance with the Laws of Botswana. The Acquiring Enterprise is a relatively new entity, which has been set up exclusively for the purposes of the proposed transaction, therefore, it currently does not provide any services in Botswana. The Target Enterprise on the other hand is in the businesses of horticultural farming in Tuli Block, Botswana. Vegi Block is involved in the seasonal production of peppers, tomatoes, potatoes, watermelons and onions. The farm also has a citrus project that is still in its infant stage.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigation has revealed no product overlap in the activities of the Merging Parties. The Acquiring Entity is not operational hence it does not participate in the market of the Target Entity. The horticultural farming market in Botswana has a sufficient number of players including small players; that would continue to impose a competitive constraint on the Merged Enterprise post-merger.

There has been a significant emergence of small-scale farmers into the relevant market since the import ban of horticultural products in Botswana. Some of these banned items

are the main products of the Target Enterprise. Based on the above, the Authority does not anticipate the merger to substantially lessen competition post implementation.

For the analysis of Acquisition of Dominance, the implementation of the proposed merger is not expected to result in the acquisition of a dominant position in the relevant market in Botswana because the Target Enterprise's market share is insignificant. The information received from SPEDU indicates that Vegi Block currently contributes about 9.57% of the total local horticulture production. Furthermore, the transaction itself essentially entails a management buy-out of shares and control of the company, and as such, it is not expected to lead to any market accretion post implementation.

In terms of Public Interest considerations, the proposed transaction has the potential to contribute to an increase in employment opportunities, training and skills transfer for Botswana, as well as empowerment of Small Micro Medium Enterprises (SMMEs) in Botswana. In light of this, the Authority does not foresee any detriment to matters of public interest that will arise as a result of the transaction under consideration. No merger specific job losses are anticipated because of the transaction under consideration.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to significantly change upon the implementation of the proposed merger, and the proposed transaction is not likely to result in any adverse effects on competition, nor endanger the continuity of service in the relevant market in Botswana. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has decided to unconditionally approve the proposed acquisition of 97% of the issued share capital in Vegi Block (Pty) Ltd by Versfeld Trust.

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 21st day of August 2023

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