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**Common Market for  
Eastern and Southern Africa**

**Staff Paper No. 2018/03/JB/06**

**Decision<sup>1</sup> of the Fortieth Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Acquisition of New Limpopo Bridge Projects Limited by Grindrod Mauritius**

**ECONOMIC SECTOR: Transport**

**18<sup>th</sup> March 2018 – Johannesburg, South Africa**

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<sup>1</sup> In the published version of this decision, some information may have been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

## **Information and Relevant Background**

1. On 29<sup>th</sup> January 2018, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification for approval of a merger between Grindrod Mauritius and New Limpopo Bridge Projects Limited (hereinafter referred to as "NLP").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

### **The Parties**

#### **Grindrod Mauritius**

4. Grindrod Mauritius is a company registered in Mauritius and ultimately controlled by Grindrod Limited, a public company listed on the Johannesburg Stock Exchange. In the Common Market, Grindrod Mauritius is involved in a number of business activities including ship agency services, financial services, agricultural logistics and rail services.

#### **NLP**

5. NLP is an investment holding company registered in Mauritius. It focuses on infrastructure-related projects on the African continent through its subsidiary New Limpopo Bridge Projects Investments (Private) Limited. The NLP group is involved in mainline railway operations in Zimbabwe.

### **Nature of the Transaction**

6. The transaction entails the acquisition of sole, control by Grindrod Mauritius over NLP. Before the merger, Grindrod Mauritius held 50% shares in NLP.

### **Competition Analysis**

7. The CID defined the relevant markets as:
  - the operation of railway line in Zimbabwe; and
  - the leasing of rolling stock in Zimbabwe.

8. The CID observed that pre-merger, there are no horizontal overlaps in the activities of the merging parties in both relevant markets. NLP is involved in the operation of the 350 kilometre railway line from Beitbridge to Bulawayo in Zimbabwe and the 470 kilometre railway line from Bulawayo to Victoria Falls in Zimbabwe while Grindrod Mauritius is involved in the leasing of rolling stock to NLP in Zimbabwe. The CID further observed that the market structure would not change post-merger since the transaction involves a movement from joint to sole control of NLP by Grindrod Mauritius.

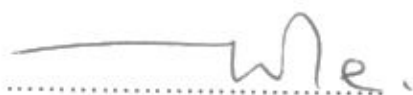
**Determination**

9. The CID determined that the merger is not likely to substantially lessen competition in the Common Market and is compatible with the COMESA Treaty objective of full market integration. The CID therefore approved the merger.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 18<sup>th</sup> of March 2018




Commissioner Thabisile Langa (Chairperson)



Commissioner Patrick Okilangole

(Member)



Commissioner Chilufya Sampa

(Member)