



## MERGER DECISION NO 28: 2021

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

#### **DECISION ON THE PROPOSED ACQUISITION OF 25% ISSUED SHARES IN ROSS CENTRAL AFRICA LIMITED BY AVIAGEN EUROPEAN HOLDINGS LIMITED FROM ROSS BREEDERS ZAMBIA LIMITED, ULTIMATELY LEADING TO A JOINT VENTURE BETWEEN AVIAGEN EUROPEAN HOLDINGS LIMITED AND ROSS BREEDERS ZAMBIA LIMITED**

#### **Introduction of the Merging Parties**

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act of 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 25 percent of the issued shares in Ross Central Africa Limited ("the Company") by Aviagen European Holdings Limited ("Aviagen") from Ross Breeders Zambia Limited ("RBZ") which will eventually result in a joint venture between Aviagen and RBZ in respect of RBZ's existing grandparent generation poultry operation located in Zambia ("the Target Business") which is to be transferred to the Company as part of the transaction. The transaction was notified to The Authority on 28<sup>th</sup> July 2021 and the merger assessment was completed on 18<sup>th</sup> August 2021.
- ii. The Acquiring Enterprise, Aviagen, is a private company incorporated in accordance with the Laws of England and Wales. It is directly controlled by Aviagen Group Holding, Inc. Aviagen is a global poultry breeding operation. It supplies grandparent stock and parent stock to customers worldwide under the Arbor Acres, Indian River, and Ross brand names. None of Aviagen's subsidiaries have operations in Botswana. The Directors of Aviagen are: Christopher Paul Hill (British), Wendrell Waller Dye (American) and Blake Kenneth Williamson (British).
- iii. The Target Enterprise, Ross Central Africa Limited, ("the Company") is incorporated in accordance with the Laws of the Republic of Zambia. The Company is a wholly-owned subsidiary of Ross Breeders Zambia Limited (RBZ). In turn, RBZ is a subsidiary of Ross Africa Limited which is in turn a wholly owned subsidiary of Country Bird Holdings (Pty) Ltd ("CBH").
- iv. The Company was incorporated for the purpose of this transaction and therefore does not currently trade. RBZ is an integrated poultry producer whose operations include grandparent generation (the Target business).

It thus, supplies parent stock, broiler day-old chicks, broiler hatching eggs, stock feed and processed chicken products to various customers across Zambia. The Target Business, which is currently operated by RBZ in Zambia, involves the rearing of grandparent stock to produce parent stock. This parent stock is sold to customers in Zambia and also exported to various countries within the region. In Botswana, the Target Business makes direct sales of parent stock to its sister company Master Farmer Feeds (Pty) Ltd ("MFF") which is also ultimately controlled by CBH. The Directors of RBZ are: Anthony Collet (British), Kevin James (Zimbabwean) and Colin Lindsay (Zimbabwean).

- v. ROA, The Target Enterprise, is a private company incorporated with limited liability in England and Wales. It is wholly owned by K Europe. The Target Enterprise does not directly or indirectly control any enterprises in Botswana. However, KT ROA's derives revenue in Botswana from sale of certain cereal, snack and noodle products.

### **Relevant Markets**

- vi. The Authority notes that there are no overlaps in the activities of the Merging Parties in Botswana. Furthermore, the actual transaction is not taking place in Botswana. Thus, the Authority decides not to reach a definitive conclusion on the market definition.

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

- vii. Since there are no overlaps in the activities of the Merging Parties in Botswana, the merger will not alter any domestic market structure. Therefore, there are no competitive effects that will arise as a result of the merger under consideration. Furthermore, it is noted that 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 of 2018.

### **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 the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. In addition there will be no effect on public interest matters in Botswana occasioned by the proposed merger.
- ix. Pursuant to the provision of section 53 of the Act, The Authority has unconditionally approved the proposed acquisition of 25 percent issued shares in Ross Central Africa Limited by Aviagen European Holdings Limited from Ross Breeders Zambia

Limited, ultimately leading to a joint venture between Aviagen European Holdings Limited and Ross Breeders Zambia Limited.

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 18<sup>th</sup> day of August 2021.

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