



## MERGER DECISION NO 47: 2021

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

#### **THE PROPOSED ACQUISITION OF 100% ISSUED SHARE CAPITAL OF WALGREEN INVESTMENTS (PROPRIETARY) LIMITED FROM PATRICK KEDIRETSWE BALOPI BY KHUBUNG GROUP (PROPRIETARY) 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 relation to the proposed acquisition of 100% issued share capital of Walgreen Investments (Pty) Ltd from Patrick Kediretswa Balopi by Khubung Group (Pty) Ltd. The transaction was notified to the Authority on 12<sup>th</sup> November 2021 and the merger assessment was completed on 25<sup>th</sup> November 2021.
- ii. The Acquirer, Khubung Group (Pty) Ltd, is a private company duly incorporated in terms of the Company Laws of the Republic of Botswana. The Acquirer is not directly or indirectly controlled by any enterprise and it does not directly or indirectly control any enterprise. Khubung Group (Pty) Ltd is operating in the energy sector and is primarily engaged in the international trade of crude oil and its derivative products, as well as the exploration, sourcing, shipping and trading of coal and various other commodities.
- iii. The Target Enterprise, Walgreen Investments (Pty) Ltd, is a company incorporated under the Laws of the Republic of Botswana. Walgreen Investments (Pty) is wholly owned by Mr. Patrick Kediretswa Balopi. Walgreen Investments (Pty) directly or indirectly controls Eros Commodities (Botswana) (Pty) Ltd and Organic Fertilizer Manufacturers Botswana (Pty) Ltd. Walgreen Investments (Pty) Ltd is in the business of buying and selling cattle and cattle products including meat and carcasses.

##### **Relevant Market**

- iv. In terms of the relevant market, the Authority noted that Khubung Group (Pty) Ltd since its inception, has been primarily engaged in the international trade of crude oil and its derivative products working with other major companies in the oil space in Botswana.

Its day to day activities entail the structuring and execution of various commodity trade related transactions in the energy sector.

- v. On the other hand, Walgreen Investments (Pty) Ltd's relevant market is the buying, feeding and selling beef cattle, and trade in beef products including meat, carcasses and processed meat.  
It is worth noting that Walgreen Investments (Pty) Ltd's market share is currently estimated at 0% because the company has effectively ceased trading.
- vi. The Authority notes that Walgreen Investments (Pty) Ltd faced competition from renowned and well established players such as Senn Foods and licensed export abattoirs and feed lot businesses across the country.

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

- vii. In the assessment of Substantial Lessening of Competition, the Authority discovered that the transaction assessed is not expected to substantially lessen competition due to the absence of product overlap in the activities of the merging parties. The merger is not expected to result in the reduction of the number of players in the market, hence will not affect the current structure of the market under consideration.
- viii. In terms of the Acquisition of a Dominant Position, the merged entity will not attain any dominant position on account of the transaction due to the absence of product overlap. Furthermore, the transaction is not expected to accrete nor decrease market shares of the parties involved in this transaction; neither would it impact on rivalry nor harm consumers. In addition, the Authority notes that there are renowned entities that will continue to pose competitive constraints on the merged entity upon implementation of the transaction.
- ix. With regards to Public Interest Considerations, the merger assessment findings did not reveal any detriment to matters of public interest that will arise as result of the transaction under consideration. It is worth reiterating that the target company is acquired by a Motswana resulting in the target entity being owned wholly by a citizen.

### **The Determination**

- x. 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. 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.

- xi. Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition of 100% issued share capital of Walgreen Investments (Pty) Ltd from Patrick Kediretswe Balopi by Khubung Group (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 25<sup>th</sup> day of November 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,  
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