



Competition Commission of
Mauritius
10th Floor, Hennessy Court
Cnr Suffren Rd & Pope Hennessy St.
Port Louis
Tel. No. 211-2005
Fax No. 211-3107
email: info@ccm.mu

MEDIA RELEASE

Date: 2nd July 2019

Investigation Ref: CCM/INV/48

MERGER REVIEW: COMPETITION COMMISSION REVIEWS THE POTENTIAL ACQUISITION OF MEDINE DISTILLERY CO. LTD BY NEW GOODWILL INVESTMENT CO. LTD

The Competition Act 2007 (the Act) provides for the control of merger situations by the Competition Commission. It empowers the Competition Commission to review certain merger situations and where the Competition Commission determines that the merger situation is likely to impede competition, it may impose directions on the merging parties.

The Executive Director of the Competition Commission has on 19th April 2019, launched a review, in the form of an investigation, into the potential acquisition of a majority shareholding in Medine Distillery Co. Ltd by New Goodwill Investment Co Ltd. New Goodwill Investment Co Ltd presently holds 33.33% shares in Medine Distillery Co. Ltd and through the transaction, New Goodwill Investment Co Ltd will increase its shareholding in Medine Distillery Co. Ltd to 66.66%, becoming the majority shareholder of Medine Distillery Co. Ltd and will obtain legal control over Medine Distillery Co. Ltd.

New Goodwill Investment Co. Ltd has significant shareholdings in New Goodwill Co. Ltd and International Distillers Ltd, which are engaged in the bottling, marketing and distribution of various alcoholic products, including local rum, cane spirit and cane liquor, commonly known as 'rum' in Mauritius.

Medine Distillery Co. Ltd operates a distillation unit which produces inter alia distilled alcohol (extra neutral alcohol) from molasses which is partly sold to bottlers of alcoholic products in Mauritius, including New Goodwill Co Ltd and International Distillers Ltd.

New Goodwill Investment Co Ltd also holds 33.33% shares in Grays Distilling Ltd, which is one the main competitors of Medine Distillery Co. Ltd.

The three main suppliers of 'rum' in Mauritius are New Goodwill Co Ltd, International Distillers Ltd and Grays Inc Ltd. The three main producers of distilled alcohol, used as input for the production of 'rum' are Medine Distillery Co. Ltd, Grays Distilling Ltd and Omnicane Ethanol Production Ltd. The

markets for the supply of distilled alcohol and 'rum' are already highly concentrated. Additionally, there is significant direct or indirect common shareholding of the players in these markets. The Executive Director is therefore assessing whether the transaction will significantly lessen competition.

At this preliminary stage, it appears that the transaction can affect competition in both of the market for the supply of distilled alcohol and in the market for the supply of 'rum', in which distilled alcohol is used as an input. The investigation will assess if the transaction will indeed substantially lessen competition, and if so, the Competition Commission is empowered under the Act to impose remedial actions.

The Competition Commission invites views of interested parties in the matter. Interested parties may submit their views, in relation to competition, on the transaction to the Competition Commission by **15th July 2019**.

Views must be submitted to:

The Executive Director
Competition Commission
10th Floor, Hennessy Court
Corner Suffren Rd and Pope Hennessy St
Port Louis
Email: info@ccm.mu

The Executive Director said:

"As per information gathered it appears that market for the supply 'rum' is highly concentrated. Although there are several brands of 'rum' such as Goodwill, Seven Seas, Deluxe, Power's No. 1, Green Island and King Kane to mention a few, they are supplied by three main companies (New Goodwill Co Ltd, International Distillers Ltd and Grays Inc Ltd), which are in turn controlled by two main groups. In addition to this, there are common shareholders among those companies.

One of the main inputs for the production of 'rum' is 'extra neutral alcohol' also referred as distilled alcohol, which is produced from molasses. This market is also highly concentrated with three producers (Omnicanne Ethanol Production Ltd, Medine Distillery Co. Ltd and Grays Distilling Ltd). Through their group Medine Distillery Co. Ltd and Grays Distilling Ltd are related to the suppliers of 'rum'. Suppliers of bottled rum own significant shareholding in players operating in the market for the supply of distilled alcohol and this may further hinder effective competition.

Further concentration in an already concentrated market may raise competition concerns. As such I am assessing the potential impact of the transaction on competition in Mauritius and should the need arise the Competition Commission will take appropriate measures. I intend to complete my assessment in September this year, following which I will submit my report to the Commissioners for their determination."

-----**End of media release**-----

Background for editors:

The Competition Act 2007

The Act came fully into effect on 25th November 2009 and is enforced by the Competition Commission.

Section 48 of the Act provides that:

A merger situation shall be subject to review by the Commission where-

- (a) All the parties to the merger, supply or acquire goods or services of any description, and will following the merger, together supply or acquire 30 per cent or more of all goods or services on the market; or*
- (b) One of the parties to the merger alone supplies or acquires prior to the merger, 30 per cent or more of goods or services of any description on the market; and*
- (c) The Commission has reasonable grounds to believe that the creation of the merger situation has resulted in, or is likely to result in, a substantial lessening of competition within any market for goods or services.*

Section 61 subsections (2), (3) and (4) of the Act provides that:

(2) In the case of a prospective merger, a direction may require an enterprise to-

- a) Desist from completion or implementation of the merger insofar as it relates to a market in Mauritius;*
- b) Divest such assets as are specified in the direction within which the period so specified in the direction, before the merger can be completed or implemented;*
- c) Adopt, or desist from, such conduct, including conduct in relation to prices, as is specified in the direction as a condition of proceeding with the merger.*

(3) In the case of a completed merger, a direction may require an enterprise to-

- a) Divest itself of such assets as are specified in the direction within the period so specified in the direction;*
- b) Adopt or desist from, such conduct, including conduct in relation to prices, as is specified in the direction as a condition of maintaining or proceeding with the merger.*

(4) A direction given under this section will be in writing.