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MEDIA RELEASE

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CCM LAUNCHES A DETAILED ASSESSMENT INTO THE MERGER BETWEEN TTC AND CFAO FOR POSSIBLE EFFECTS WITHIN MAURITIUS

The CCM received an application for merger guidance under Section 47 (4) of the Competition Act 2007 (the 'Act') made on behalf of Toyota Tsusho Corporation ('TTC') over the acquisition by TTC of sole control over CFAO. Based on the information submitted by the legal representative of the notifying party, the CCM deems it necessary to conduct a detailed assessment before reaching any conclusion. Some of the car brands covered by this transaction include Chevrolet, Hyundai and Toyota, for which distribution in Mauritius would be brought under common control.

The notified operation consists of the indirect acquisition by TTC of sole control of CFAO's Mauritian subsidiaries with business operations in the local motor vehicle sales segment of the automotive industry. TTC has itself been operating within Mauritius through two subsidiaries; since 2006 as a joint venture partner with one Mauritian enterprise operating in the local motor vehicles sales segment; and since 2009 through a wholly-owned local subsidiary specializing in the motor vehicle leasing business.

The investigation will evaluate the competitive effects that could result from this notified operation in the sales of motor vehicles.

Mergers are not in themselves a breach of the Act and several mergers do not actually carry anti-competitive effects. Firm conclusions will only be possible after thorough assessment of the matter.

The Executive Director, Dr. Ennis said: *'The brands covered appear to be relatively close competitors for some types of vehicles, which is why there might be a concern from the perspective of the Competition Act.'*

After the detailed assessment is completed, the Executive Director will report his findings to the Commission. If the Commission concludes that there has been a 'merger situation' which has resulted in or is likely to result in a substantial lessening of competition within the market, it may take steps to

remedy, mitigate or prevent the substantial lessening of competition and any adverse effects, which may range from structural remedies such as divestiture of part of an enterprise's assets to behavioral remedies such as among others.

-----End of Media Release-----

Background Information:

The Competition Act

The Competition Commission of Mauritius is a statutory body established in 2009 to enforce the Competition Act 2007. This Act established a competition regime in Mauritius, under which the CCM can investigate possible anticompetitive behavior by businesses.

Sub-part IV of Part III of the Competition Act 2007, covers merger situations subject to review by the Commission.

To take action, the CCM must find that there is a merger situation and it has resulted or is likely to result in a substantial lessening of competition within the market.

Merger Situations:

Section 47 of the Competition Act explains merger situations. The Act refers merger situations as “the bringing together under common ownership and control of 2 or more enterprises of which one at least carries its activities, In Mauritius, or through a company incorporated in Mauritius.”

Section 47(2) of the Act defines ‘common control’ as a criterion for a merger to occur. According to Section 47(2), ‘common control’ occurs where:

- (a) The enterprises to the merger are enterprises of interconnected bodies
- (b) One person has, or groups of persons have, control in enterprises which are carried on by 2 or more bodies corporate;
- (c) 2 distinct enterprises, one of which is a body corporate and the second one a person having control over the first body corporate.

Control refers to the ability to materially influence policy of an enterprise; acquiring controlling interest in an enterprise or ability to control policy of an enterprise. (Section 47(3) of the Competition Act 2007).

Reviewable mergers:

Section 48 of the Competition Act 2007 stipulates that merger situations are subject to review where one of the party to the merger is in monopoly situation by having more than 30% of the market share prior to the merger or all the parties are in monopoly situation by having more than 30% of market share after the merger and where “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 the market...” The market may be the supply or acquisition of goods or services.

The CCM has the power to impose directions (Part VI of the Act) including directions to enterprise to desist from completion of a merger and divest part of its assets if it reaches the conclusion that a merger situation has resulted in, or is likely to result in, a substantial lessening of competition within any market for goods or services.

Further information:

For further information see the CCM's website at www.ccm.mu, and the CCM's Procedural Rules and Guidelines: 'CCM 1 - Procedural Rules', 'CCM 4 - Monopoly situations and non-collusive agreements' and 'CCM 6 - Remedies and Penalties', all available on the web site.