# Coca-Cola bottlers' merger finally approved

By Hilary Joffe

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The much delayed merger to create Africa's largest Coca-Cola bottler was finally given the nod on Tuesday by the Competition Tribunal.

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Approval was granted after conditions for the tie-up between divisions of SAB and Coca-Cola and the operations of the Gutsche family were hammered out in lengthy talks with Economic Development Minister Ebrahim Patel, trade unions and the Competition Commission.

The commission finally approved the deal after the merging parties agreed to a series of conditions on employment, empowerment, localisation of inputs for Coca-Cola and Appletiser products and access to retail cooler (refrigerator) space for small beverage producers.

The merging parties said on Tuesday the deal, which was originally announced more than 18 months ago, would be implemented as soon as practicable.

SABMiller CEO Alan Clark said the merger would deliver demonstrable benefits to SA through significant inward investment, additional tax revenues, job creation, small-enterprise creation, domestic procurement and transformation.

The Coca-Cola Company's president James Quincey said the creation of Coca-Cola's largest bottling partner in Africa would strengthen its business, while closely aligning it with the South African government's imperatives for social and economic development.

The new company, Coca-Cola Beverages Africa (CCBA), will have annual revenue of $2.9bn and operate across 12 countries, accounting for 40% of Africa's Coca-Cola volumes. The deal will also see the Coca-Cola Company take over ownership of the Appletiser brands, although Appletiser will still be produced in SA for the domestic and African markets.

Appletiser inputs will be at least 80% South African and 20% of Appletiser SA will be sold to new black shareholders.

Black ownership of CCBA will increase from 11% to 20% over five years and the company will invest R800m to support enterprise development in agriculture and retail, and distribution in the Coca-Cola system.

The cooler issue was the final dispute that held up the process this week, with the merging parties and the commission eventually reaching agreement that smaller beverage producers could access up to 10% of all space in small retail stores, such as spaza shops, that have space for only one cooler.

The merger had already been approved by the competition authorities in all the other jurisdictions on the rest of continent and was delayed only by SA's regulatory process, in which Mr Patel had intervened on public interest grounds.

*Source: Business Day*