

Competition Tribunal allows Afgri, AgriGroupe merger

The Competition Tribunal has explained its decision to include an agreement reached between government departments and merging groups Afgri and AgriGroupe as part of its condition to approve the transaction.



Afgri's merger with AgriGroupe can go ahead and will bring some assistance to other small farmers in Africa. Image: [CodeInnovation](#)

The Competition Commission recommended the unconditional approval of the transaction after it found no evidence of public interest concerns or issues that might have affected competition in the market in which Afgri operated.

The tribunal said because four government departments - economic development; trade and industry; agriculture, forestry and fisheries; and rural development and land affairs - had some reservations about the level of the commission's investigation into the matter, they reached an agreement with the parties that broadly addressed potential public interest concerns.

"As a result, the terms of the agreement were imposed as conditions for the approval of the transaction," the tribunal said.

Although the parties agreed to the terms of the agreement, they asked the tribunal to avoid placing an obligation on itself and the commission to monitor agreements that were not competition related, as the authorities had limited resources.

Submissions were made from the African Farmers Association of South Africa, the National African Farmers Union and the South African Communist Party. They were concerned that the transaction could lead to the loss of 3,500 jobs. They were also concerned about Afgri moving its head office outside South Africa, discontinuing its assistance to small farmers and being able to deny farmers access to silos or agricultural implements.

The commission concluded that none of these concerns was likely to materialise.

However, the tribunal raised some concerns about the commission's analysis, especially with regards to employment, trade and the ability of small farmers to be competitive in the sector. It did not pronounce on the concerns, as the agreement with the government departments had addressed the concerns.

According to the agreement, Afgri will make R90m available over four years for loans to emerging farmers, enrol emerging farmers in a development programme established in 2012, and help poultry farmers.

Qualifying farmers will receive a grain storage discount. Afgri also agreed not to relocate its head office outside South Africa during the agreement or thereafter.

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