

Competition Commission approves Grohe acquisition

The Competition Commission recently announced its unconditional approval of Grohe Luxembourg Four SA's acquisition of joint control over South African based Apex Valves South Africa (Pty) Ltd, Cobra Watertech (Pty) Ltd, Isca (Pty) Ltd, Libra Bathrooms (Pty) Ltd, Vaal Sanitaryware (Pty) Ltd and Expiro Manufacturing (Pty) Ltd (Watertech Companies).

 By [Nazeera Ma](#) 4 Nov 2014



Grohe forms part of an international group of companies, incorporated in Luxembourg. As is customary with transactions involving international firms gaining entry into the South African market, via greenfield entry, or acquiring control over local incorporated firms, concerns arise on whether the entry can give rise to public interest concerns.

Given that the Commission is mandated to consider the competitive effects of a potential merger, as well as its impact on public interest, the Commission considered whether the merger may result in the Watertech Companies shifting production from South Africa to factories owned by the Grohe group of companies in other parts of the world, most notably China, as this could have the potential of reducing the Watertech Companies' local manufacturing and affect firms that provided input into the Watertech Companies' production activities, thus leading to concomitant job losses across the value chain.

Response to concerns

In response to these concerns, the merger parties provided the Commission with strategy documents confirming its intent to grow the manufacturing base in South Africa for exports and indicating its commitment to maintaining and increasing current manufacturing levels and continuance of arrangements to procure inputs from local suppliers.

The acting Deputy Commissioner, Hardin Ratshisusu, commented that the merger is a significant transaction as it translates into substantial foreign direct investment intended to grow exports into the rest of the African continent and globally. "The undertaking provided by the merging parties to increase production of sanitary and plumbing ware products in South Africa addresses any potential public interest concerns that would have arisen as a result of the merger," he said.

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