

Possibilities of collusion concern commission in proposed milling deal

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Gathering useful knowledge - often called "grist to the mill" - is a worry for the Competition Commission in the proposed acquisition of Progress Milling by VKB Milling.



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Lydenburg-based Progress Milling ceased operation in February, and its takeover by VKB would save about 40 jobs, the commission said on Friday.

But it was not willing to give the proposed deal unconditional approval.

The commission said its investigation found the white maize market was conducive to collusion. "The proposed transaction could facilitate the sharing of information between competitors in this market thereby resulting in a lessening of competition," the statement said.

Approval of VKB's takeover of Progress was therefore conditional on the merged entity not sharing competitively sensitive

information with other market participants VKB operates maize mills in Mokopane and Thohoyandou in Limpopo and in Frankfort in the Free State. The mills in Mokopane and Thohoyandou provide white maize products for retail and wholesale while the mill in Frankfort focuses on "gristing", which is separating grain from chaff, the commission's statement said.

Progress Milling sells white maize products such as maize meal and samp from stock milled prior to the cessation of its activities. It also produces "hominy chop" - leftover maize from flower production, which is sold as cattle feed.

Source: BDpro

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