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## **MEDIA STATEMENT**

**Date: 03 August 2020**

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*For immediate release*

### **SUBJECT: MERGER DETERMINATION ON THE PROPOSED ACQUISITION OF SHARES IN SCHWENK NAMIBIA PTY LTD BY WEST CHINA CEMENT LIMITED**

The Namibia Competition Commission (NaCC) at its meeting of 30<sup>th</sup> June 2020 made a decision to prohibit the acquisition of Schwenk Namibia Pty Ltd by West China Cement Limited due to the fact that it would result in coordination between Ohorongo Cement (Pty) Ltd (“Ohorongo Cement”) and Whale Rock Cement (T/A Cheetah Cement).

The Commission had found that the proposed transaction was likely to substantially prevent or lessen competition in the Cement market due to coordination. This coordination is likely to lead to a strengthening of dominance and the exercise of market power to the detriment of consumers.

### **BACKGROUND**

The NaCC’s Secretariat’s investigations revealed that there exists a link between the acquiring group and Whale Rock Cement that will increase the likelihood of coordination post-merger, between the two players in the Cement market. The merger is also likely to create or enhance conditions in the market which are conducive to collusion, specifically the sharing of sensitive business information between the primary acquirer and Whale Rock Cement.

The target undertaking has a dominant position and post-merger, the Commission is of the considered view that given the relationships that exists between Whale Rock Pty Ltd and the acquiring group, the implementation of the proposed merger will increase and strengthen the dominant position of the merged undertaking.

Furthermore, there are no concrete benefits that would outweigh the detrimental effects that will result from the implementation of the proposed merger.

**Commissioners:** Mr Peter Carlson (Chairperson), Ms Grace Mohamed (Deputy Chairperson), Mr. Linus //Garoeb, Ms Petronella Masabane and Ms Isabella Tjatjara

**EX Officio:** Mr. Vitalis Ndalikokule (CEO & Secretary to the Commission)

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**All official correspondence must be addressed to the Secretary to the Commission**



Additionally, barriers to entry in the relevant market are high and it is not likely that a small undertaking, in particular small undertakings owned or controlled by historically disadvantaged persons, will be able to gain access to or be competitive in the relevant market.

Worth noting is that collusive conduct is of greater concern to competition authorities than single firm dominance. This is not only because such conduct often results in the most egregious form of anti-competitive outcomes such as price-fixing or market allocation, but also because of the inherent difficulty in detecting and policing conduct between competitors that is practiced subtly, if not entirely tacitly.

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**EX Officio:** Mr. Vitalis Ndalikokule (CEO & Secretary to the Commission)