

DEPARTMENT OF ECONOMIC DEVELOPMENT

NO. 372

27 MARCH 2020

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

RHENUS SE & CO KG

AND

WORLD NET LOGISTICS

CASE NUMBER: 2019APR0030

1. On 23 April 2019, the Competition Commission (Commission) received a notice of an intermediate merger whereby Rhenus SE & Co KG ("Rhenus") intends to acquire 100% of the issued share capital of World Net Logistics ("World Net Logistics"). Upon implementation of the proposed transaction, Rhenus will obtain sole control of the World Net Logistics.
2. The primary acquiring firm is Rhenus, a company incorporated in accordance with the laws of Germany. Rhenus is in turn controlled by the Rethmann SE & CO ("Rethmann"). Rethmann is in turn controlled by the members of the Rethmann family. The members of the Rethmann family are Klemens Rethman, Ludger Rethman, Georg Rethmann and Martin Rethmann. Rhenus does not own or control any firms in South Africa. However, Rhenus controls the following firms that are located outside of South Africa, but generate a revenue from within South Africa include; (i) Rhenus Logistics India Private Limited (ii) Rhenus Air & Ocean N.V. (iii) Transmarcom Air & Ocean N.V. (iv) Rhenus Project Logistics AG (v) Teeuwissen China Co. Ltd (vi) Rhenus Intermodal Systems N.V. (vii) Rhenus Freight Logistics GmbH & Co. KG to name a few. (viii) Rhenus Logistics S.A to name a few. The Rethmann family and all firms controlled by the Rethmann family will collectively be referred to as the Acquiring Group.

3. The Acquiring Group provides freight forwarding and clearing services by air, land and sea and logistics services globally. Freight forwarding services entail the arrangement of the shipment of goods from the manufacturer or point of origin, by land, sea or air, to the final point of distribution in a different country. It also includes the arrangements to meet the legal requirements for the goods to clear the relevant border crossings and for the applicable customs and excise to be paid and arranging for the warehousing of the goods whilst in transit.
4. The primary target firm is World Net Logistics. With respect to South Africa, the target firm is World Net SA Proprietary Limited ("World Net SA"), a company incorporated in accordance with the laws of South Africa. World Net SA is controlled by World Net Logistics. In turn, World Net Logistics is controlled by Quay Alliance Group (Holding) Limited. World Net Logistics controls the following firms in addition to World Net SA; (i) World Net Logistics Germany; (ii) World Net Logistics Hong Kong; (iii) Eurobox Thailand Limited; and (iv) World Net Logistics Singapore. World Net Logistics and all firms controlled by World Net Logistics will collectively be referred to as the Target Group.
5. The Target Group provides freight forwarding and clearing services to a variety of industries such as automotive, electric industry, health and pharma, engineering, manufacturing, and consumer goods. The Target Group's services further include, most notably, the special storage of cargo, consulting, account and project management, risk management, customs clearing, warehousing and over border distribution. In addition, transport services include, most notably, air freight, sea freight, warehousing, distribution, and road freight.
6. The Commission assessed the competition effects of the proposed transaction in the market for the provision of freight forwarding services in South Africa. This is in line with the Commission and Competition Tribunal (Tribunal) approaches in previous cases, namely *Imperial Holdings Ltd and Megafreight Investments (Pty) Ltd ("Imperial/Megafreight")* and in *Bidvest Freight (Pty) Ltd and Sebenza Forwarding and Shipping (Pty) Ltd, ("Bidvest/Sebenza")*.
7. The Commission found that there is no publicly available information to calculate market shares for the provision of freight forwarding and clearing services. In the recent the **Bidvest/Sebenza** merger, the Commission found that according to the Freight Forwarding

Association of South Africa, there are in excess of 300 providers of freight forwarding and clearing services active in South Africa. Kuehne + Nagel, one of the competitors to the merging parties, submitted that there are approximately 900 firms that provide freight forwarding and clearing services in South Africa. In view of the foregoing, the Commission concluded that the merged entity will likely command a minimal market share post-merger (less than 1%). Moreover, the merged entity will continue to face constraint from participants such as Bidvest-Sebenza (9.5%), Kuehne + Nagel (2 %), DSV (4.2%), Expeditors International (1.0%) and DB Schenker (0.7%). Therefore, the Commission is of the view that the proposed merger is unlikely to substantially prevent or lessen competition in any market.

The merging parties were unable to provide an unequivocal statement on whether or not the merger will result in job losses. As a result, the Commission is of the view that it is appropriate in the circumstances to impose an employment condition placing a moratorium on merger specific retrenchments for a period of 2 years. The conditions are attached as **Annexure A** hereto. The merging parties have agreed to the conditions.

8. Further, no other public interest issues arise as a result of the proposed transaction.
9. The Commission therefore approves the proposed transaction subject to the conditions set out in **Annexure A** hereto.