



Swaziland
Competition Commission

PRESS STATEMENT

At a meeting of the Special Committee of the Competition Commission, held on the 25th October 2011, the Swaziland Competition Commission (“the Commission”) approved the joint application for a merger between Swaziland United Bakeries (Pty) Limited (“SUB”)/Sinkhwa SemaSwati Limited t/a Mister Bread Swaziland (“Mister Bread”) and Premier Group (Pty) LTD in terms of Section 35 of the Competition Act, 2007.

Mr. Bread and SUB, having merged in 2009, already occupy a dominant position in the bakery industry. To ensure that the merged firms do not abuse the dominant position, the merger between SUB/Mister Bread and Premier Group was approved subject to the following conditions -

That the parties will:

- (a) honor the undertakings made by Mr Bread and SUB to their employees in accordance with an MOU signed by the parties dated 15th September 2011;
- (b) not enter into predatory behavior towards other bakeries by selling products below Premier Swazi's variable costs;
- (c) not enter into agreements to fix prices and will avoid any situation which may allow for collusive behavior with other bakeries on price, output, market allocation and shall not enter into any exclusive supply agreements with any retail outlets;
- (d) take all reasonable steps necessary to ensure that the quality and weight of the bread and other products it will produce will conform to the statutory obligations;
- (e) not engage in advertising that is misleading and deceptive; and
- (f) not unjustifiably exclude from a trade association other bakeries carrying on or intending to carry on in good faith the trade in relation to which the association is formed.

Following its analysis the Commission concluded that the merger will not result in any substantial lessening of competition in the bakery industry and that the merger is unlikely to have any adverse effects on trade and the economy as the merger does not change the market structure. The merger will result in a variety of bread brands in the market with the introduction of the Blue Ribbon brand from the Premier Group. This will result in consumers having a wider range from which to choose from as all the different brands are marketed and priced differently. Further, the new partner viz; Premier Group will provide operational support in the areas where both SUB and Mister Bread have limitations such as in technology, equipment and staff training methodologies resulting in the efficient and cost effective production of high quality bread and confectionary products.

The Commission shall, as mandated by Section 36 of the Competition Act, keep the structure of the production of bakery products under review.

Issued by the Executive Director