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<p>NOTICE</p>		
		<p>Date: 19th October 2010</p>
		<p>Investigation Ref: CCM/INV/008</p>
<p>CCM LAUNCHES AN INVESTIGATION INTO MERGER OF EVENT STRATEGY LTD & LC EVENTS Co LTD</p>		

The Competition Commission (CCM) has launched an investigation into the merger of Event Strategy Ltd and LC Events Co Ltd pursuant to its powers under Section 51 of the Competition Act 2007 (the Act).

The CCM will investigate whether the purchase of shares by Event Strategy Ltd in LC Events Co Ltd at a level of 33% is a “merger situation” for the purposes of the Act, and if so, whether it has resulted in, or is likely to result in a substantial lessening of competition. If this is so, the CCM may review the merger situation under Section 48 of the Act.

Only when the Investigation is completed can firm conclusions be drawn. At this stage the Executive Director of the CCM has concluded that the Commission has reasonable grounds to believe that a merger situation exists and that it may have or may be likely to substantially lessen competition in the event management and related markets in Mauritius. The precise market definition will have to be established during the Investigation. The merger may provide Event Strategy Ltd with material influence over certain decisions by its competitor (LC Events Co Ltd) which may give rise to a merger situation. This might substantially lessen competition if LC Events Co Ltd was a significant competitive constraint on Event Strategy or associated businesses before the merger.

The Executive Director will report his findings to the Commission. If the Commission concludes that there has been a “merger situation” which has resulted or is likely to result in a substantial lessening of competition within the market, it may take steps to remedy, mitigate or prevent the substantial lessening of competition and any adverse effects. In case of completed merger situations, directions may require enterprises to divest itself from assets and/or adopt or desist from particular conducts.

Interim measures may be issued by the Commission in certain circumstances set out in Section 62 of the Act.

Background Information:

The Competition Act

The Competition Commission of Mauritius is a statutory body established in 2009 to enforce the Competition Act 2007. This Act established a competition regime in Mauritius, under which the CCM can investigate possible anticompetitive behavior by businesses.

Sub-part IV of the Competition Act 2007, cover merger situations subject to review by the Commission.

To take action, the CCM must find that there is a merger situation and it has resulted or is likely to result in a substantial lessening of competition within the market.

Merger Situations:

Section 47 of the Competition Act explains merger situations. The Act refers merger situations as “the bringing together under common ownership and control of 2 or more enterprises of which one at least carries its activities, In Mauritius, or through a company incorporated in Mauritius.”

Section 47(2) of the Act defines ‘common control’ as a criterion for a merger to occur. According to Section 47(2), ‘common control’ occurs where:

- (a) The enterprises to the merger are enterprises of interconnected bodies
- (b) One person has, or groups of persons have, control in enterprises which are carried on by 2 or more bodies corporate;
- (c) 2 distinct enterprises, one of which is a body corporate and the second one a person having control over the first body corporate.

Control refers to the ability to materially influence policy of an enterprise; acquiring controlling interest in an enterprise or ability to control policy of an enterprise. (Section 47(3) of the Competition Act 2007)

Section 48 of the Competition Act 2007 stipulates that merger situations are subject to review where one of the party to the merger is in monopoly situation by having more than 30% of the market share prior to the merger or all the parties are in monopoly situation by having more than 30% of market share after the merger and where “the Commission has reasonable grounds to believe that the creation of the merger situation has resulted in, or is likely to result in, a substantial lessening of competition within the market...” The market may be the supply or acquisition of goods or services.

Interim measures may be issued under Section 62 of the Act as explained previously.

Following an Investigation, the Commission has the power to impose directions (Sections 58 and 61 of The Act), including directions to enterprise to divest itself of assets (including shares) and/or “adopt, or to desist from” conducts.

Further information:

For further information see the CCM’s website at www.ccm.mu, and the CCM’s Procedural Rules and Guidelines: ‘CCM 1 - Procedural Rules’, ‘CCM 2 – Market definition and the Calculation of Market Shares’ ‘CCM 5 - Mergers’ and ‘CCM 6 - Remedies and Penalties’, all available on the web site.