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<h2>MEDIA RELEASE</h2>		
		<p>Date: 28th February 2011</p>
		<p>Investigation Ref: CCM/INV/008 – Review of completed merger of Event Strategy Ltd and LC Events Co Ltd</p>
<p>CCM published first merger review</p>		

The Competition Commission of Mauritius (CCM) today published the Executive Director’s report of its first full review of a merger under the Competition Act. The report recommends that the Commission clears the link-up between two companies in the event management sector: Event Strategy Ltd (ESL) and LC Events Co Ltd (LCE).

The Executive Director of the CCM found that the purchase of 33% of shares by ESL in LCE may result in ‘material influence’ and is a merger situation within the meaning of the Competition Act 2007 (the Act). He concluded that this merger situation is likely to result in a short-term loss of competition and choice in the high end of the market for corporate and high end events but that market developments are likely to restore competition reasonably quickly. He therefore recommends that the Commissioners take no action against the merger.

It is now for the Commissioners to decide whether to accept this recommendation. The parties will have the opportunity of Hearing by the Commission, should they wish.

This is the first full investigation into a merger under the Competition Act. Previously, the CCM has cleared mergers in the insurance sector without a full review, because the combined market shares of the merging companies were low. In this case, the two companies have quite a high market share of the corporate and high end events market, and the CCM investigated to determine whether the merger is likely to result in a substantial lessening of competition.

John Davies, Executive Director said:

“We have carried out a thorough investigation of this market and this merger. We think the matter is finely-balanced. The two firms are clearly competitors and there are few rivals for the really high end of the events market – the very largest corporate events and so on. However, there are many firms currently providing event management services on a slightly smaller scale, so on balance I felt it better to let the market operate freely and so I recommended the Commission take no action against this merger. However, it is for the Commissioners to take the final decision.”

The report is available on the CCM web site, www.ccm.mu

Background for editors:

The Competition Act:

The Competition Act 2007 came fully into effect on November 25th 2009, and is enforced by the Competition Commission of Mauritius, the CCM. Sub-parts IV of Part III of the Competition Act 2007 covers ‘Control of merger situations by the Commission.’

Section 47 of the Act sets the criteria for existence of a merger situation and Section 48 of the Act describes merger situations that may be subject to review.

CCM5 – Guidelines on mergers also give further insight on the review of merger situations.

Merger is broadly defined in the Act 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 specifies that *enterprises shall be regarded as being under common control where they are –*

- (a) enterprises of interconnected bodies corporate;*
- (b) enterprises carried on by 2 or more bodies corporate of which one person has or groups of persons have control; or*
- (c) 2 distinct enterprises, one carried on by a body corporate and the other carried on by a person having control of that body corporate.*

Section 47(3) of the Act stipulates that *any person may be treated as bringing an enterprise under his control where –*

- (a) he becomes able to control or materially to influence the policy of the enterprise, but without having a controlling interest in it;*
- (b) being already able to control or materially to influence the policy of the enterprise, he acquires a controlling interest in it; or*
- (c) being already able materially to influence the policy of the enterprise, he becomes able to control that policy.*

CCM 5 Guidelines on mergers also give guidance on the meaning of control and “material influence” or de facto control, which is less than legal control but still allows the acquirer to influence the decisions or policies of the enterprise.

Not all mergers are reviewed by the CCM. Section 48 of the Act stipulates that a merger situation shall be subject to review by the Commission where:

- (a) all the parties to the merger, supply or acquire goods or services of any description, and will following the merger, together supply or acquire 30 per cent or more of all those goods or services on the market; or*
- (b) one of the parties to the merger alone supplies or acquires prior to the merger, 30 per cent or more of goods or services of any description on the market; and*
- (c) 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 any market for goods or services.*

Thus the threshold of 30% of market share before or after the merger must be met and the merger must have resulted and may result to an SLC for the CCM to review.

Where the CCM finds that the merger has resulted or is likely to result in an SLC it may impose directions as set in Section 61 of the Act. Directions in the case of prospective merger may require an enterprise to:

- (a) desist from completion or implementation of the merger insofar as it relates to a market in Mauritius;*
- (b) divest such assets as are specified in the direction within the period so specified in the direction, before the merger can be completed or implemented;*
- (c) adopt, or desist from, such conduct, including conduct in relation to prices, as is specified in the direction as a condition of proceeding with the merger.*

In the event of completed merger directions may require an enterprise to:

(a) divest itself of such assets as are specified in the direction within the period so specified in the direction;

(b) adopt, or to desist from, such conduct, including conduct in relation to prices, as is specified in the direction as a condition of maintaining or proceeding with the merger.

It must also be noted that in merger cases, the Commission may impose interim measures as set in Section 62 of the Act.

Enterprises may also apply to the Commission for Guidance on proposed merger situations as set out in Section 47(4) of the Act.

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', 'CCM5 – Mergers' and 'CCM 6 - Remedies and Penalties', all available on the web site.