

NOTICE 2732 OF 2004**COMPETITION COMMISSION****NOTIFICATION TO PROHIBIT THE TRANSACTION INVOLVING:****GREIF SA (PTY) LTD****AND****RHEEM SA (PTY) LTD**

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission, that it has prohibited the transaction involving the above-mentioned firms on 28 July 2004.

The Commission prohibits the proposed merger between Greif South Africa (Pty) Ltd ("Greif") and Rheem South Africa (Pty) Ltd ("Rheem"), a company owned by previously disadvantaged persons. The Commission has found that the merger is likely to substantially prevent or lessen competition and that the alleged efficiency gains resulting from the proposed merger are not likely to offset its anti-competitive effects. Furthermore, the Commission has found that the proposed merger cannot be justified on substantial public interest grounds.

The proposed transaction entails Greif's acquisition of control over the business of Rheem. The empowerment shareholder in Rheem will, however, hold a significant stake in the proposed merged entity.

Rheem is a South African manufacturer and supplier of a variety of steel containers, including cans, pails and drums. Greif is the South African subsidiary of the multinational group, Greif Inc. In South Africa Greif manufactures and distributes a wide range of steel and plastic containers including bottles and drums.

The Commission found overlaps in the activities of the parties in the manufacturing and supply of cans and bottles, small, intermediate and large containers. In respect of the manufacturing and supply of cans and bottles, small and intermediate containers the Commission found substitutability between steel and plastic containers within the respective sizes. However, in respect of the supply and manufacturing of large steel drums, the Commission found limited substitutability between plastic and steel drums,

The Commission thus found that large steel drums and large plastic drums are not part of the same product market, in that plastic drums do not pose a competitive constraint on the activities of the parties in the new steel drum market. The reasons are, first, that the price difference between plastic and steel drums are between 15 – 30%, with plastic drum being more expensive. Second, the Commission found that, unlike in respect of smaller containers, the price of steel and plastic containers do not