

Clover's acquisition of milk procurement business approved, with conditions

The Competition Tribunal has conditionally approved the proposed merger whereby Clover SA (Clover) intends to acquire the business and assets used or owned by Dairy Farmers of South Africa (DFSA), in relation to the procurement and supply of regular raw milk to Clover (milk procurement business).

The conditions imposed on the merger include commitments relating to employment, training and skills development, enterprise development, procurement contracts and raw milk supply.



Source: jcomp via [Freepik](#)

Clover is a branded consumer goods company active in the food and beverage industry. It manufactures and supplies dairy products, soy products, olive oil, peanut butter and mayonnaise. It also produces non-alcoholic beverages. The Milk Procurement Business provides raw milk procurement services to Clover and supplies products as inputs to Clover.

The Tribunal's order and the conditions will be published on the Tribunal's [website](#). A summary follows below.

Conditions

Regarding employment, there will be no merger-related retrenchments during a five-year moratorium period. In addition, current permanent employees of the milk procurement business will be transferred to Clover in line with the provisions of the Labour Relations Act. Their employment terms and conditions will be no less favourable than those that existed between themselves and the DFSA.

The conditions also provide for financial commitments by Clover relating to enterprise development and training and skills development.

On milk procurement contracts with relevant suppliers, Clover will maintain existing contracts. This will be for a period of five years from the merger implementation date, provided that the suppliers continue to supply regular raw milk to Clover at market-related prices. These suppliers comprise SME and HDP milk producers with which DFSA has milk procurement contracts. If any supplier increases its price per litre of regular raw milk above market-related prices, Clover will be entitled to terminate its contract with the supplier.

Clover will also make available, to its competitors, regular raw milk that is surplus to Clover's own requirements at market-related prices.

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