

Competition watchdog backs South African Airways sale, with conditions

South Africa's competition watchdog on Friday, 12 May, recommended the approval of a proposed deal for the Takatso Consortium to buy a majority stake in state-owned airline South African Airways (SAA), provided certain conditions are met.



Passengers walk to board a South African Airways (SAA) plane at the Hosea Kutako International Airport, in Windhoek, Namibia, on 24 February 2023. Reuters/Siphwe Sibeko

The Takatso Consortium was formed when the government announced the deal to sell a controlling stake in SAA in 2021, part of efforts to put an end to recurring bailouts to the struggling airline and keep it afloat.

Takatso's majority shareholder was private equity firm Harith General Partners, with two aviation firms Syranix and Global Aviation - co-owners of South African private carrier Lift - holding smaller stakes.

The Competition Commission's recommendations included that the deal for Takatso to buy SAA should only proceed if Syranix and Global Aviation exit the consortium, otherwise, there would be a "substantial lessening and prevention of competition in the domestic passenger airlines market".

It said the Lift co-owners being part of the consortium could result in "the exchange of competitively sensitive information between SAA and Lift, through Global Aviation and Syranix having shareholding and the ability to appoint directors to Takatso's board of directors".

The Commission said it had agreed that Global Aviation and Syranix would exit the deal before it is complete and that there would be a moratorium on merger-related layoffs.

The deal now needs to be approved by the Competition Tribunal - a special type of court - to go ahead.

Representatives of the Takatso consortium could not immediately be reached for comment.

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