



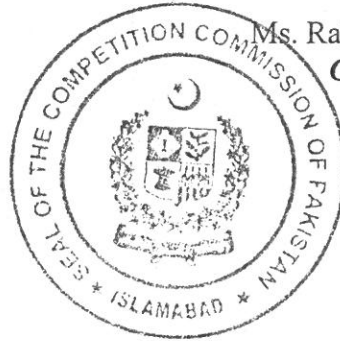
BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF SHARE SWAP TRANSACTIONS BETWEEN M/S. ETC
GROUP, M/S. PUBLIC INVESTMENT CORPORATION SOC LIMITED AND
M/S. ETG INPUTS HOLDCO LIMITED.

CASE: 1349/Merger-CCP/2022

Commission




Ms. Rahat Kaunain Hassan
Chairperson

ORDER

1. On January 2, 2023 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") from M/s. ETG Group ("**ETG World**" or "**Merger Party 1**") whereby a share swap transaction between ETG World and the Government Employees Pension Fund of South Africa, represented by the M/s. Public Investment Corporation SOC Limited ("**PIC**" or "**Merger Party 2**") will take place. The PIC will swap its shares (%) in M/s. ETG Inputs Holdco Limited ("**EIHL**" or "**Merger Party 3**") with ETG World in return for % shares in ETG World pursuant to a Share Swap Agreement ("**PIC SSA**") signed on November 9, 2022. All requisite information/documentation pertaining to the application was completed on February 6, 2023.
2. The Commission has examined the Application as well as all the documents attached therewith and the information provided by the concerned undertaking(s). The Phase I competition assessment of the intended transaction has revealed the following facts:
 - i. The business activities of the undertakings concerned are:
 - a. For Merger Party 1: ETG World is a company organized and existing under the laws of Mauritius. It is a multinational conglomerate and a majority family-owned business, with a diverse portfolio of expertise across multiple industries, encompassing agricultural inputs (via EIHL), logistics, merchandising and processing, supply chain optimization, digital transformation and energy.
 - b. For Merger Party 2: The PIC is an asset management firm wholly owned by the Government of the Republic of South Africa. The PIC runs a diversified investment portfolio, comprising of multiple asset classes. These include listed equities, real estate, capital market, private equity and impact investing.
 - c. For Merger Party 3: EIHL is a limited liability company registered in the Emirate of Dubai in the United Arab Emirates ("**UAE**"). EIHL is active in the import, blending and distribution of fertilizers. It acquires raw (unblended) fertilizers, blends them into fertilizer mixes that are adapted to the specific needs of a given crop type, and then distributes these to retailers and directly to end-customers (mostly farmers). To a more limited extent, it also distributes raw (unblended) fertilizers that can be directly applied to the soil without further processing/blending. EIHL is currently jointly controlled by ETG World and the PIC. ETG World currently holds % of the shares in EIHL and the PIC holds the remaining % (coupled with certain strategic veto rights).
 - ii. As per the Application, the PIC will transfer its % shareholding in EIHL to ETG World in exchange for acquiring % shareholding in ETG World. As ETG World and EIHL have a parent-subsiary relation, ETG World's increased shareholding in EIHL is exempt as per Regulation 5(1)(i) of the Competition (Merger Control) Regulations, 2016. However, PIC acquiring % shareholding in ETG World has attracted provisions of the Act.

iii. There is no purchase price as such, rather the purchase will be settled by way of swap of approximately % shareholding in ETG World, however, the value of % shareholding is more than USD (approximately PKR billion).



- iv. The relevant product market in this case has been identified as “**Downstream - Fertilizer**” and the relevant geographic market has been limited to “**Pakistan**” considering the international scope of operations. Based on the supplied data, EIHL had a market share of under % for the year 2020 in Pakistan. Although EIHL did not make any sales to Pakistan in FY21, implying a nil share, however potential participation could not be ruled out. Nonetheless no significant increase in its market share in the relevant Pakistani market is expected as EIHL’s business is mainly concentrated in Africa.
3. The proposed transaction does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act. Hence, it is hereby authorized under Section 31(1)(d)(i) of the Act.
4. In the subject transaction, matters which may fall outside the scope of the Commission’s purview, remain subject to applicable laws.
5. It is so ordered.



(Ms. Rahat Kaunain Hassan)

Chairperson

Islamabad the FEB 9th, 2023.

