



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF 100% SHAREHOLDING BY
M/S. FAIRFAX FINANCIAL HOLDINGS LIMITED IN M/S. 2667980 ONTARIO INC
WHICH WILL ACQUIRE SOLE CONTROL IN M/S. AGT FOOD AND
INGREDIENTS INC.

CASE: 1021/Merger-CCP/19

Commission

Ms. Vadiyya S. Khalil
Chairperson

Dr. Shahzad Ansar
Member



ORDER

1. On 6th February 2019 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") through which M/s. Fairfax Financial Holdings Limited ("**Acquirer**" or "**Applicant**") intends to acquire 7% shareholding in M/s. 2667980 Ontario Inc. ("**Target**") which will in turn acquire up to all of the issued and outstanding shares of M/s. AGT Food and Ingredients Inc. ("**Ultimate Target**") subject to a signed Agreement between the parties.
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended acquisition has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Acquirer: Principally engaged in property and casualty insurance and reinsurance and the associated investment management.
 - b. For the Target: Special Purpose Vehicle
 - c. For the Ultimate Target: Produces and exports pulses, staple foods, and food ingredients worldwide.
 - ii. The proposed transaction is an acquisition of 7% shareholding by the Acquirer in the Target which will in turn acquire up to all of the issued and outstanding shares of the Ultimate Target. The relevant product market in this case has been identified as that of "**Pulses**", "**Pulse Ingredients**", "**Popcorn**", "**Seeds**", "**Semolina**", "**Sorghum**" and "**Pasta**" having a geographic market identified as of "**Pakistan**". The Ultimate Target is currently active in the relevant market.
 - iii. The Ultimate Target holds approximately 3% share in Beans, 5% share in Canary Seed, 2% share in Chickpeas, 1% share in Lentils, less than 1% in Pasta while a mere 1% share in Peas segment of the market based on its own best estimates. Post-transaction, the market share of the Ultimate Target will remain unchanged.
 - iv. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

Vadiyya S. Khalil

(Vadiyya S. Khalil)
Chairperson

Dr. Shahzad Ansari

(Dr. Shahzad Ansari)
Member

Islamabad the 14th March, 2019.

