



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF ...% PUBLICLY HELD REGISTERED
SHARES AND ...% AMERICAN DEPOSITORY SHARES IN
M/S. SYNGENTA AG BY M/S. CHINA NATIONAL
AGROCHEMICAL CORPORATION THROUGH ITS SUBSIDIARY,
M/S. CHINA NATIONAL AGROCHEMICAL CORPORATION
SATURN**

CASE: 815-Mergers/CCP/16

Commission

**Ms. Vadiyya Khalil
Chairperson**



**Mr. Mueen Batlay
Member**

ORDER

I. Background

1. The Competition Commission of Pakistan (the "Commission") is in receipt of a pre-merger application (the "Application") dated 23rd May 2016 (received by the Commission on 25th May 2016) sent by M/s. China National Agrochemical Corporation ("CNAC" or "Acquirer") notifying the Commission of the acquisition of 100% publicly held registered shares, and 100 % American Depository shares, in M/s. Syngenta AG ("Syngenta" or "Target") by CNAC through its subsidiary M/s. China National Agrochemical Corporation Saturn ("CNAC Saturn") pursuant to a Transaction Agreement (the "Agreement").

II. Merger Parties

2. Acquirer

CNAC is a wholly owned subsidiary of M/s. China National Chemical Corporation, which is in turn wholly owned by the Central Chinese Government. CNAC manufactures and sells generic active ingredients and formulated products used for crop protection and agrochemical products for home and garden pest control. It's total revenue for the year ended December 31st 2015 was approximately PKR 222.17 billion while its assets remained approximately PKR 34.7 billion for the same period.

3. CNAC Saturn is a newly incorporated private limited company wholly owned by CNAC, and has been set up as an investment vehicle for the purposes of this transaction. It was incorporated in February 2016 and therefore audited accounts have not yet been prepared.

Target

4. Syngenta is a non-operative holding company belonging to the Syngenta group of companies, listed on both the New York and Swiss stock exchanges. The Syngenta group is engaged in the production of seeds and crop protection products such as herbicides and insecticides, and is active in Pakistan. In Pakistan, it's turnover for the financial year ended 2015 was approximately PKR 100 billion whereas its assets remained approximately PKR 10 billion for the same period.

III. Transaction

As per the Application, CNAC intends to acquire, through CNAC Saturn, 100% publicly held registered shares and 100% AD shares in Syngenta. The publicly held registered



shares are listed on the Swiss Stock Exchange and the AD shares are listed on the New York Stock Exchange. The transaction is taking place outside of Pakistan.

6. The value of the transaction is approximately USD ~~1 billion~~ (approximately PKR ~~100 billion~~).
7. The transaction meets the thresholds as prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the assets of the Acquirer stand at more than PKR 300 million and the combined assets are more than PKR 1 billion, the annual turnover is more than PKR 500 million and the combined turnover is more than PKR 1 billion. The transaction relates to the acquisition of shares of value greater than PKR 100 million, and the percentage of shares to be acquired are more than 10%.

IV. The Relevant Market:

8. The relevant product market in this case has been identified as "Crop protection products".
9. The relevant geographic market is Pakistan.
10. Syngenta's share of the relevant product market in Pakistan is ~~10~~ %.
11. CNAC has one subsidiary operating in the relevant product market in Pakistan, M/s. Adama, however its market share in the relevant product market was approximately ~~1~~ %, therefore negligible. Post-transaction, the market position will remain the same.

V. Findings of the Phase I investigation on competition assessment

12. The Acquirer is a newly incorporated private limited company set up as an investment vehicle for the purposes of this transaction. It's ultimate parent company is CNAC, which manufactures and sells generic active ingredients and formulated products used for crop protection and agrochemical products for home and garden pest control, whereas the Target is non-operative holding company belonging to the Syngenta group of companies. The Syngenta group is engaged in the production of seeds and crop protection products such as herbicides and insecticides in Pakistan, with a market share of ~~10~~ %.



13. CNAC has one subsidiary active in the reportable market, i.e., M/s. Adama, however its share in the relevant market is negligible, at ~~1~~ %.

14. The transaction does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010.
15. In conclusion, there is no evidence that suggests a substantial lessening of competition by the creation or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
16. It is so ordered.

Vadiya Khalil

(Vadiyya Khalil)
Chairperson

Mueen Batlay

(Mueen Batlay)
Member



Islamabad *22nd July 2016*