



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % SHAREHOLDING IN M/S. ETG
INPUTS HOLDCO LIMITED BY M/S. SABIC AGRI-NUTRIENTS COMPANY FROM
M/S. ETC GROUP.

CASE: 1350/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. SABIC Agri-Nutrients Company ("**SABIC AN**" or "**Acquirer**") and M/s. ETC Group ("**ETG World**" or "**Seller**") whereby SABIC AN intends to acquire % shareholding in M/s. ETC Inputs Holdco Limited ("**EIHL**" or "**Target**") from the Seller pursuant to a Share Purchase Agreement (the "**SABIC AN SPA**") signed on January 24, 2022.
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:

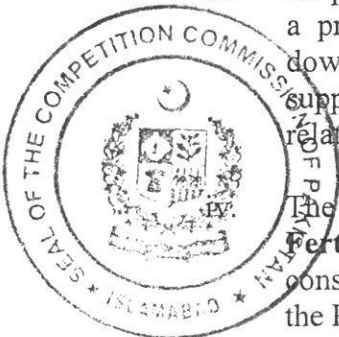
i. The business activities of the undertakings concerned are:

- a. For the Acquirer: SABIC AN is a company organized and existing under the laws of the Kingdom of Saudi Arabia. SABIC AN is a producer and supplier of various (raw/unblended) fertilizer products. It sells these products to large distributors that on-sell fertilizer products to smaller distributors, retailers or end-customers (mostly farmers).
- b. For the Seller: 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.
- c. For the Target: 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.

ii. As per the Application, SABIC AN intends to acquire % of the share capital in EIHL by means of acquisition of existing shares from ETG World. The notified merger will result in the acquisition of (joint) control over EIHL by SABIC AN. ETG World will retain its % shareholding in and (joint) control over EIHL. The value of the transaction is approximately PKR (approximately USD or SAR). This transaction is taking place abroad.

iii. As per the Applicant, from a global perspective, SABIC AN is active upstream as a producer and supplier of several fertilizers and the target, EIHL, is active downstream in the blending and distribution of fertilizers. SABIC AN has also supplied raw unblended fertilizer products to EIHL, therefore, there is a vertical relationship between SABIC AN and EIHL.

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, both the Parties had a market share of under % for the year 2020 in Pakistan. Although



they did not make any sales to Pakistan in FY21, implying a nil share, this does not exclude the possibility of fulfilling any ad hoc orders in the future. Such ad hoc orders shall not significantly increase their market share in the Pakistani market.

- v. It is pertinent to mention here that EIHL's business is concentrated in Africa while majority of the SABIC AN's sales are made in Saudi Arabia. Although ETG Group has other agri-based businesses, their operations in Pakistan are de minimus. The Acquirer's ultimate parent company, Saudi Aramco, has operations in Pakistan in other markets.
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 9th FEB, 2023.

