



COMESA Competition Commission  
Kang'ombe House, 5th Floor-West Wing  
P.O. Box 30742  
Lilongwe 3, Malawi  
Tel: +265 (0) 1 772 466  
Email- [compcom@comesa.int](mailto:compcom@comesa.int)



Common Market for Eastern  
and Southern Africa

Case File No. CCC/MER/01/03/2019

**Decision<sup>1</sup> of the Fifty-Seventh (57<sup>th</sup>) Committee Responsible for Initial Determination Regarding the Proposed Merger involving 2667980 Ontario Inc. and AGT Food and Ingredients Inc**

**ECONOMIC SECTOR: Food**

19<sup>th</sup> June 2019

---

<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

*Byet* *in* *T-P-D*

### *Information and Relevant Background*

1. On 29<sup>th</sup> January 2019, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger involving 2667980 Ontario Inc. ("Ontario") and AGT Food and Ingredients Inc. ("AGT").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (the "CID") established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.



### *The Parties*

#### *Ontario (the Acquiring Undertaking)*

4. Ontario is a newly-formed corporation that does not presently carry on business activities. Ontario and its shareholders are not active in COMESA, other than through interests held by Fairfax Financial Holdings Limited ("FFH") and its controlled entity Fairfax Africa Holdings Corporation ("FAH").
5. FFH is a holding company which, through its subsidiaries, is principally engaged in property and casualty insurance and reinsurance and investment management. FAH is an investment holding company which invests in public and private equity securities and debt instruments of African businesses or other businesses with customers, suppliers or businesses primarily conducted in, or dependent on, Africa.
6. The acquiring group, through the interests held by FFH and FAH, has operations in the DRC, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Eswatini, Uganda, Zambia, and Zimbabwe.

#### *AGT (the Target Undertaking)*

7. AGT is a supplier of value-added pulses, staple foods and food ingredients. AGT buys lentils, peas and chickpeas from farmers situated around more than 40 facilities in Canada, the United States, Turkey, Australia, China and South Africa and ships its products to over 120 countries around the globe. In the Common Market, AGT is active in Djibouti, Egypt, Kenya, Libya, Madagascar, Mauritius, Sudan, and Zambia.

*Nature of the Transaction*

8. The proposed transaction concerns the acquisition by FFH and subsidiaries thereof of 59.6% of the common shares of Ontario, which acquired all of the issued and outstanding common shares of AGT and subsequently amalgamated with AGT.


*Competition Analysis*

9. The CID defined the relevant markets as follows:
- a) the supply of pulses in the Common Market;
  - b) the supply of rice in the Common Market;
  - c) the supply of sugar in the Common Market;
  - d) the supply of pasta in the Common Market;
  - e) the supply of cooking oil in the Common Market; and
  - f) the supply of readymade food sauces in the Common Market.
10. The CID observed that the proposed transaction is not likely to raise competition concerns due to the absence of horizontal and vertical overlaps in the relevant markets as the parties were not competitors pre-merger. The CID also observed that the relevant markets are characterised by presence of global competitors which will continue to give competitive pressure to the merging parties post-merger.

*Determination*

11. The CID determined that the merger is not likely to lessen competition in the Common Market and/or negatively affect trade between Member States. The CID therefore approved the transaction.
12. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 19<sup>th</sup> day of June, 2019

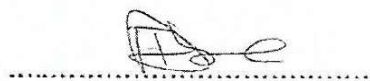


Commissioner Patrick Okilangale (Chairperson)



Commissioner Brian Lingela

(Member)



Commissioner Thembeliwe Dube Nee Dlamini

(Member)