

Completed acquisition by Silos (UK) Limited of Cleancrop UK Limited

ME/4917/11

The OFT's decision on reference under section 22(1) given on 3 June 2011. Full text of decision published 12 July 2011.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. **Silos (UK) Limited ('Silos')** is a holding company within the Origin Enterprises Plc Group (**'Origin'**) controlled by Aryzta AG. Origin's wholly owned subsidiary, Masstock Arable (UK) Limited (**'Masstock'**), sells and distributes crop input products, including crop protection products,¹ provides agronomy advice to farmers and supplies various other agricultural products and services.
2. **CleanCrop UK Limited ('CleanCrop')** owns a number of subsidiaries² including United Agri Products Limited (**'UAP'**). UAP sells and distributes crop input products, provides agronomy advice to farmers and supplies various other agricultural products and services. UAP's UK turnover in the financial year to August 2010 was £112 million.

TRANSACTION

3. Silos acquired the entire issued share capital of CleanCrop on 8 March 2011 for the consideration of £40.45 million.

¹ These include herbicides, insecticides, fungicides, nutrients and growth regulators.

² Gromax Industries Limited, Willmot Pertwee Limited, Independent Agriculture Limited, Kings Horticulture Limited, 50 per cent of the issued share capital of Cropstar Limited.

4. The administrative deadline for OFT to make a decision on this case is 3 June 2011 and the statutory deadline is 8 July 2011.

JURISDICTION

5. As a result of this transaction Silos and CleanCrop have ceased to be distinct. The UK turnover of Clean Crop exceeds £70 million, so the turnover test in section 23(1)(b) of the Enterprise Act 2002 (the Act) is satisfied.
6. The OFT therefore believes that it is or may be the case that a relevant merger situation has been created.

RATIONALE FOR THE MERGER

7. Masstock submits that the transaction will provide it with greater leverage with regard to []. The merger will also allow it to exploit greater efficiencies by maximising depot and distribution coverage, [].

MARKET DEFINITION

Product scope

Crop protection products and agronomy advice

8. Crop protection products are manufactured by firms such as Bayer CropScience, BASF and Syngenta, and are sold to end users – arable farmers – through distributors such as Masstock and UAP. Major distributors may also act as intermediary wholesalers, supplying products to buying groups and smaller agronomists or retailers for on-sale to farmers. Although different crop protection products will not generally be substitutable from the user's perspective, the overlap in this case relates to distribution of a full or wide range of products, hence there is no basis for separate markets distinguishing between types of crop protection products.
9. Agronomy advice is provided by an agronomist whose principal role is to maximise crop yield for the arable farmer through the prescription of appropriate crop protection products, but also providing advice and expertise in relation to a wider range of issues (for example, environmental protection, soil, water, general health and safety on the farm site, and

chemical storage and application).

10. The parties submit that arable farmers are able to obtain agronomy advice from a wide range of sources: on-site advice from distributor-employed agronomists; self-employed or independent advisory group agronomists; manufacturer-employed agronomists; and also the possibility of self-supply. Third party enquiries found that some farmers have a strong preference for agronomy advice which is independent of any direct relationship with a distributor. There are also some companies (such as Zantra Limited) which operate as agricultural merchants supplying crop protection products without offering agronomy advice. The Agricultural Industries Confederation (AIC), considered that the overall split between full-service (products and agronomy advice) and product-only crop protection customers is about 50/50; other third parties estimated the split to be approximately 60/40.
11. On the demand side, crop protection products and agronomy advice are clearly complementary rather than substitutes. However, the merging parties and their main direct competitors in the industry compete to provide their bundle of crop protection products and associated agronomy advice to farmers. It may therefore be appropriate to consider the merger with respect to the provision of this bundled product.^{3,4}
12. The parties consider that the provision of agronomy advice and the distribution of crop protection products should be considered together for the purposes of assessing the transaction. Customers for the bundled product and advice offering are invoiced for products on a basis that reflects the provision of the accompanying agronomy advice. Market inquiries indicated that few customers take an agronomy advice only service from the major distributors without purchasing crop protection products from the same supplier. The national distributors generally regarded it as essential or very important for them to offer agronomy advice as well as products to those customers who have a preference for a bundled service.

³ See OFT/CC 'Merger Assessment Guidelines' (OFT1254) paragraphs 5.2.17-5.2.18.

⁴ Note that in practice those suppliers that are effective competitors in the supply of the bundled product would be, or are, also effective suppliers for the distribution of crop protection products only.

13. Overall, the evidence on whether agronomy advice and crop protection products should be considered as a bundled product and service offering is mixed. Market enquiries revealed that most suppliers of crop protection products also provide agronomy advice, and that many farmers acquire both crop protection products and agronomy advice from the same company. Market enquiries also supported the notion that farmers are loyal to their agronomists and would be likely to follow them should they change companies. However, the existence of independent agronomists and a small number of companies that only supply products, suggests that it is not necessary to offer a bundled offering to customers.

14. In Masstock/CSC,⁵ the OFT did not need to conclude on whether the bundled product/service offering constitutes a relevant product market, but stated that:

'...if competition concerns do not arise in the supply of the bundled product, competition concerns are unlikely to arise on either product considered individually, given that customers are not tied to purchasing them from the same supplier.'

15. Whilst it has again not been necessary to conclude on whether crop protection products and agronomy advice form part of the same product market in this case, the OFT has adopted a view which is consistent with previous decisions and will assess the transaction on the basis that crop protection products and agronomy advice form part of an aggregated broader product market. As in Masstock/CSC, to the extent that competition concerns can be dismissed on this basis, it can be concluded that they would not arise either on the disaggregated supplies of the products or the agronomy services.

Other goods and services in which the parties' activities overlap

16. The parties also overlap in the following goods and services:

- i. provision of mobile seed dressing and cleaning services
- ii. application of chemicals ('crop spraying')

⁵ Completed acquisition by Masstock Arable (UK) Limited of CSC Crop Protection Limited: OFT decision 12 June 2009.

- iii. distribution of fertiliser
- iv. distribution of seed, and
- v. distribution of ancillary agricultural products (for example compost; fencing; tools and equipment).

Geographic scope

17. The parties submit that the geographic market for the distribution of crop protection products 'tends to be regional, with the possibility for a wider national market in view of customers' price sensitivities'. With regard to the provision of agronomy advice, the parties consider that agronomists generally cover an area between two and two and a half hours from either their home or a depot, suggesting a regional scope for the relevant geographic market.
18. In Masstock/CSC the OFT indicated that relevant markets that included agronomy advice were likely to be regional, but did not conclude on any precise scope. It considered the transaction on the basis of both broadly-defined regions and two-hour travel times.
19. Third party enquiries confirmed that the national operators typically have teams of agronomists that work out of specific depot locations to provide coverage to an allocated area. Responses were mixed on the effective scope of the travel time from distributors' depots, with a central range of one to two hours.
20. The analysis undertaken in this case follows the approach used in Masstock/CSC and has considered the merger on a regional basis and travel times of two hours as well as considering the merger's impact on the market structure at a national (GB) level. However, given that the merger does not raise competition concerns on any of the geographic frames of reference identified, it has not been necessary to conclude on the precise scope of the geographic market.

HORIZONTAL ISSUES

Shares of supply

Crop protection products and agronomy advice

21. The parties provided estimates of shares of supply by value for GB and constituent regions. The table below sets out the share of supply estimates on a value basis for GB for 2009/10.

Table 1: Supply of crop protection products and agronomy advice in GB (2009/10, value)

Company	Per cent
Masstock	[20-30]
UAP	[10-20]
Parties combined	[30-40]
HL Hutchinson	[10-20]
Agrovista	[10-20]
Procam UK	[10-20]
Frontier Agriculture	[5-10]
Crest Marketing Group	[0-5]
Star	[0-5]
Others	[5-10]
Total (£[650-700] million)	100.0

Source: the parties; based on GfK Kynetec data

22. The parties estimate that they have a combined share of [30-40] per cent with an increment of [10-20] per cent, by value in GB. The transaction will enhance Masstock's position as the leading national supplier in this sector. However, there will remain four other significant national players – Hutchinson, Agrovista, Procam and Frontier.

23. Some competitors and customers noted a 'regional bias' in national players' positions, such that market concentration would not be uniform. However, third party comments broadly corroborated the parties' indications of those regions where their combined shares of supply are highest, that is, Scotland/Northumberland and South West England.
24. The table below sets out share of supply estimates (value basis) for various regions of Great Britain for 2009/10, the rank of the parties in terms of regional competitor size (#1, #2, etc) and also shows the estimated total value of supply in each region.

Table 2: Supply of crop protection products and agronomy advice in GB regions (2009/10, value)⁶

Region	Masstock Per cent	UAP Per cent	Combined Per cent	Region size (total value)
Scotland & Northumberland	[40-50] #1	[10-20] #3	[50-60]	£[70-80]m
South West	[30-40] #1	[20-30] #2	[50-60]	£[40-50]m
South East	[10-20] #2	[20-30] #1	[40-50]	£[120-130]m
North East	[20-30] #1	[10-20] #3	[30-40]	£[70-80]m
North West, Midlands & Wales	[20-30] #1	[5-10] #5	[30-40]	£[70-80]m
East Midlands	[10-20] #2	[5-10] #5	[20-30]	£[130-140]m
East Anglia	[5-10] #6	[10-20] #4	[20-30]	£[140-150]m

Source: the parties; based on GfK Kynetec data

25. Regional shares reflect a varied pattern of strength of the parties and their major competitors across different regions with an estimated combined

⁶ Masstock has no activities in Northern Ireland.

share of supply for the parties of [50-60] per cent in Scotland/
Northumberland and South West England.

26. Given these shares of supply, the OFT has proceeded to consider the closeness of competition, and thus the competition lost, between the merging parties. In this regard, the parties argued that the merger would not substantially lessen competition, as the merged entity would continue to face competition from national and regional players post-merger. This is explored in more detail below under 'Unilateral effects'.

Other goods and services in which the parties' activities overlap

27. The parties submitted that the increments resulting from the merger were minimal or low in the remaining product overlaps and provided the following estimates:
- i. Provision of mobile seed dressing and cleaning services; post merger, the parties have a combined share of supply of [10-20] per cent⁷ with an increment of [zero-five] per cent in GB based on volume.
 - ii. Application of chemicals (primarily in Scotland, Northumberland and the North East); post merger, the parties have a combined share of supply of less than [five-10] per cent with an increment of less than [zero-five] per cent in GB based on volume.
 - iii. Distribution of fertiliser; post merger, the parties have a combined share of supply of [20-30] per cent with an increment of less than [zero-five] per cent in GB based on volume.
 - iv. Distribution of seed; post merger, the parties have a combined share of supply of [10-20] per cent with an increment of less than [zero-five] per cent in GB based on value.
 - v. Distribution of ancillary agricultural products. The parties submit that the market is highly fragmented and that the merger will have minimal impact.

⁷ Based on parties' volumes and estimate of total market volumes (sourced from the British Society of Plant Breeders). Although the parties are two of the more significant operators nationally, in terms of having multiple machines used in this activity, further analysis suggested that the long tail of operators with only one machine would be able to compete within their own core regions.

28. On each of these narrow markets, the parties' combined share of supply (and the increment to it) is not high enough to give the OFT cause for concern over unilateral effects.⁸ This, together with the fact that no significant concerns were raised by third parties, leads the OFT to consider that the merger does not give rise to a realistic prospect of a substantial lessening of competition on the basis of unilateral effects in each of these product overlaps and hence they will not be considered further in this decision.

Unilateral effects

Closeness of competition

National basis

29. The merger reduces the number of full service (agronomy advice and crop protection products) operators that market themselves as national suppliers from six to five. The OFT considers that the constraint represented by the existing suppliers is sufficient for the merger not to raise concerns of unilateral effects at a national level. The current six leading players account for about [80-90] per cent of total supply based on the parties' estimates. The OFT did not receive any evidence or argument indicating that the parties are 'closer' competitors on a national basis than would be implied by their respective national market shares.

30. As a result, the OFT does not consider that the merger gives rise to a realistic prospect of a substantial lessening of competition in the provision of crop protection products and agronomy advice at the national level. The OFT also considered the impact of the transaction at a regional level and focused its analysis on those areas where the parties had the highest market shares, that is, Scotland/Northumberland and the South West.

Regional/local basis

31. As explained above, the parties have high combined shares of supply, with significant increments, in certain regions, reflecting the fact that the strength/density of their respective coverage varies, according to depot locations and where their agronomists are based. The parties argue that despite the indication of concentrated markets on a regional basis, there

⁸ The OFT received no evidence during its market investigation that the parties' shares of supply on a regional basis raised concerns of unilateral effects.

will remain strong national competitors to provide vigorous competition on both a regional and narrower drive-time geographic scope, as well as a wide range of regional competitors.

32. Major competitors expressed the view that the merging parties could be considered as particularly close competitors in certain areas of Great Britain. One competitor stated that both are particularly strong in the East of Scotland (combined share 'exceeding 60 per cent'). A further two competitors identified both Scotland and South West England as areas where the parties have a high combined share. Some customer comments from the regions concerned reflected these points (although not on a uniform basis).
33. The parties submit that market shares do not provide an accurate measure of the intensity of competition in respect of the distribution of crop protection products and provision of agronomy advice. They point to a significant proportion of farmers who dual source products, and can be expected to continue to do so after the merger (and may therefore actively switch a proportion of demand away from the merged entity). They also point to the possibility that regional shares may be quickly and significantly eroded by agronomists switching to a rival distributor. [].
34. In Masstock/CSC, to supplement information on regional shares of supply, the OFT put weight on the number of national and regional competitors present within a two hour drive time of the parties' overlapping depots. The OFT did not apply a distinction between national and regional operators for the purposes of assessing regional market shares or competitor counts. In the current case, some third parties considered that national operators may offer a broader range of technical services (backed up by their R&D activity such as field trials), but generally considered that regional suppliers were typically able to supply the full required range of crop protection chemicals. On this basis, the OFT has applied no distinction between national and regional suppliers in this case. Indeed, regional competitors may have some advantages in terms of long-established agronomy relationships with their clients.
35. The parties provided information on depot locations and travel times, indicating that for each depot where the parties overlap on a two-hour basis, there are at least four competitor depots within two hours, including

at least two national operators.⁹ The OFT therefore considers that, on the basis of this information the constraint from existing suppliers of crop protection products and agronomy advice is sufficient for the merger not to raise concerns of unilateral effects at a local level.

36. Notwithstanding the above, the OFT noted that in the South West region the depots belonging to national competitors were comparatively distant from the parties' depots, albeit falling within the two-hour drive time. The parties therefore provided more detailed data on customer and competitor locations for their overlapping depots in the South West – at Willand (Masstock) and Ilton (UAP). The parties estimated that for Willand, [] per cent of deliveries by value were to postcodes within a one hour drive time of the depot. For UAP's Ilton depot, [] per cent of deliveries were within one hour's travel time. The data and the pattern of deliveries indicate that the great majority of deliveries are made within a catchment area of between one and two hours' travel time. The parties indicated that for these depots there are a number of regional competitors located within a one hour travel time, such as Matford Arable, Pearce Seeds, Cornwall Farmers and Mole Valley Farmers, as well as at least three national competitors within a two hour travel time of their depots.
37. Therefore, based on the evidence available, the OFT considers that, despite the parties' high shares of supply, they will be sufficiently constrained by existing suppliers to prevent a substantial lessening of competition in the supply of crop protection products and agronomy advice at regional/local level.

Nature of competition and switching

38. The OFT also considered whether there were any barriers to customers switching to competitors of the merged entity in the event of an attempted exercise of market power.
39. Competition for (and switching of) customers and supply volumes occurs where the customer's focus is on supply of products (for example, for customers using an independent agronomist or seeking a secondary source of product supplies). By contrast, customers of agronomy advice appear to be very loyal to their existing agronomist. Customer loss in relation to the

⁹ In Scotland, these include Agrovista and Frontier in each case. Frontier has increased its presence in Scotland since 2009 through acquisition of Lothian Crop Specialists (2009) and Grampian Crop Services (2011).

'full service' product primarily occurs when agronomists switch company and only infrequently on pricing or quality grounds.

40. In response to a specific request for customer loss information, the parties stated that '...with the exception of one agronomist leaving Masstock in early 2010 to join UAP, neither party is able to recall losing customers to, or gaining customers from, the other.' Both parties consider that the primary reason for customer loss is the loss of an agronomist.
41. Most third parties confirmed that the principal way of gaining customers was either through poaching agronomists from competitors or acquiring the whole of an existing established business. Some third parties noted that service quality may sometimes enable an agronomy service supplier to win business away from competitors offering a lower level of service (for example, frequency of delivery).
42. With farmers very loyal to existing agronomists, the competitive constraint comes not from frequent switching but from the existence of alternative options if service quality deteriorates or prices are markedly raised. Third party enquires identified farmers (and buyer groups) that currently benchmark product prices and in some cases dual or multi source products. This would indicate that if prices rose, customers would have the ability to change their supplier (or a proportion of demand) in order to defeat an attempted price increase.

Conclusion

43. The merger raised some potential concerns over unilateral effects on the basis of the parties' existing share of supply and given the doubts about the willingness of customers to switch away from established agronomist relationships. However, in each overlap area there are a number of alternative national and regional distributors operating to provide a sufficient competitive constraint on the merged party. In considering the impact of the merger, the OFT has also considered more dynamic constraints arising from potential expansion in terms of competitors entering new regions and/or sales expansion to replicate pre-merger constraints. These are discussed further under the section 'Barriers to entry and expansion' below.

Coordinated effects

44. The OFT considered whether the merger could result in co-ordinated effects concerns by creating or strengthening the prospects for co-ordination amongst suppliers. The OFT received no evidence or indication of any co-ordinated effects concerns existing prior to the merger. As a result, the OFT considered whether the merger could allow the creation of co-ordination in any of the relevant markets.
45. As a result of the transaction Origin will acquire UAP's 50 per cent stake in Cropstar Limited ('Cropstar'). Cropstar is a joint purchasing joint venture (JV) which UAP entered into and jointly controls with Procam UK Limited, set up for the purpose of obtaining better prices from manufacturers of crop protection products. The parties submit that the JV has been [], with total turnover in 2009/10 of some £[], which represents less than [zero to five] per cent of both parties' joint turnover in the relevant products.
46. Nevertheless, the transaction will create a new structural link between the merged entity and Procam (the current fourth largest national distributor). The parties submit that Silos will not source products from the JV, and that it is committed to [] at the earliest opportunity.
47. In some circumstances structural/JV links can generate coordinated effects concerns where the JV members are also ostensibly competitors in their own right in the same or another market. The JV's turnover represents a very small (less than [zero-five] per cent) proportion of its parent companies' turnovers in the relevant products. Further, the presence of Agrovista, Hutchinson, Frontier and others who are not party to the Cropstar JV would tend to reduce any concerns about increased likelihood and/or sustainability of coordination.
48. Based on the evidence available, the OFT does not consider that this merger results in creating the prospects of co-ordinated behaviour.

NON-HORIZONTAL ISSUES

Vertical issues

49. The merging parties are active as both a wholesaler and retail supplier of chemicals as smaller regional competitors are often wholesale customers of the major players. Some concern was expressed by one smaller competitor and []¹⁰ about whether Masstock would be able to restrict access to important or new crop products. However, no other regional competitor contacted by the OFT, including a number which purchase wholesale supplies from Masstock, raised this as a potential concern. The investigation also identified alternative wholesale suppliers of crop protection products that would continue to supply these smaller customers.
50. As explained in relation to table two above, Masstock has no activities in Northern Ireland. However, Masstock's parent, Origin, operates as a wholesaler and supplies crop protection products to agricultural merchants, also providing them with some basic agronomy advice. In contrast, UAP supplies agronomy advice and retails crop protection products direct to farmers in Northern Ireland. The parties therefore submitted that in Northern Ireland they operate at different levels of the supply chain. No third parties identified specific concerns in relation to the transaction in Northern Ireland.
51. The OFT therefore does not consider that any material vertical issues arise as a result of the transaction.

BARRIERS TO ENTRY AND EXPANSION

52. The strong loyalty of farmers to their established agronomists in the market is a potential barrier to entry and expansion, including those of existing operations into other regions. The OFT's investigation indicated that expansion through acquisition of regional players' business and/or 'poaching' their agronomists and customers is one of the main routes to business expansion.
53. The parties in this case provided information concerning geographic expansion by Agrovista, Hutchinson, Frontier and Chemspec. Frontier acquired Grampian Crop Services (based in Turiff, near Aberdeen) in early

¹⁰ []

2011, and has a stated strategy 'to widen the services we provide to customers north of the border,'¹¹ of which the Grampian acquisition was a part.

54. The parties submit that opening new depots is a viable expansion option. They estimate that the cost of establishing a depot could be as low as £50,000 to convert old farm buildings, or around £100,000-£150,000 for a depot on an industrial estate. The cost of recruiting agronomists would also need to be included.
55. The OFT notes the evidence on the recent expansion by competitors. However, given that the OFT considers the merger is unlikely to give rise to competition concerns, it has not been necessary to conclude on the likelihood of entry or expansion on a national or local basis.

THIRD PARTY VIEWS

56. The OFT received comments from over 30 third parties, including national and regional competitors, a broad range of customers, buyer groups and trade bodies. Overall, third party views about the implications of the merger were mixed.
57. A number of national competitors considered that the transaction represents a further consolidation in the market but had mixed views about the potential for any significant impact on the nature of competition in the market. The collective buying groups noted that the impact of the merger could be particularly marked in certain parts of the country.
58. This reflected the views of some of the trade bodies. []. Nevertheless, representatives of the farmers unions noted that they had not received significant numbers of concerns about the transaction. A concern was raised as to whether smaller suppliers or independent agronomists would be able to access wholesale supplies of crop protection products. However, the investigation identified alternative wholesale suppliers of crop protection products if the merged entity stopped supplying these smaller customers.
59. Customers were fairly evenly split between those concerned and not concerned. The pattern of responses observed did not particularly closely

¹¹ Source: press release: 'Grampian Crop Services acquisition to strengthen Frontier's agronomy team' 17 February 2011.

follow what might have been expected from the parties' estimates of regional shares of supply. A number of customers confirmed that they would be able to source advice and/or products from regional suppliers in addition to national players.

60. Overall, the majority of third parties contacted did not raise concerns regarding the merger. Of those that did, concern related primarily to consolidation in the market reducing competitive choice and the potential to increase prices or reduce service quality. However, for the reasons explained in the decision, the OFT investigation identified a number of alternative suppliers at both the national and local level that it considers would provide a direct competitive constraint on the merged entity.

ASSESSMENT

61. The parties overlap in the supply of crop protection products, agronomy advice and other goods and services. Due to the low shares of supply of the parties in the other goods and services identified, the OFT does not consider that the transaction raises competition concerns in relation to these goods and services and these were not considered further.
62. The OFT investigation therefore focused on the supply of crop protection products and agronomy advice. As a result of the merger, the parties' combined share of supply is estimated to be [30-40] per cent on a national basis with an increment of [10-20] per cent by value. The parties have a [50-60] per cent share of supply, by value in both Scotland and Northumberland and the South West. These shares are high enough to give the OFT prima facie cause for concern over potential unilateral effects such as to warrant further examination.
63. Whilst the transaction will enhance Masstock's position as the leading national supplier in this market, there will remain four other suppliers – Hutchinson, Agrovista, Proqram and Frontier – with national distribution networks. As the merger will result in a reduction of national operators from six to five, and there is no evidence suggesting that at national level the parties should be considered as being closer competitors than their shares would suggest, the OFT does not consider that the transaction gives rise to a realistic prospect of a substantial lessening of competition in the provision of crop protection products and agronomy advice at a national level.

64. The OFT also assessed the impact of the merger at a regional/local level. Notwithstanding high shares of supply in certain geographic regions, post merger, the merged entity faces sufficient competition from other crop protection companies, with at least four competitors being within a two hour drive of the parties' overlapping depots; in each case, at least two of these competitors are national players. There was also some evidence to support the view that potential geographic expansion (such as by increasing depot density in specific regions) by national rivals will be a further constraint on the merged firm going forward.
65. Third party responses were mixed, reflecting a general concern of increased concentration in the market. The OFT investigation also found that switching was limited due to the importance of the relationship between agronomists and customers. Nevertheless, some customers indicated that switching would be a viable option when faced with a price rise and a number of customers confirmed that they would be able to source advice and/or products from regional suppliers in addition to national players.
66. Consequently, the OFT does not believe that it is or may be the case that the merger has resulted or may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.

DECISION

67. This merger will therefore **not be referred** to the Competition Commission under section 22(1) of the Act.

ENDNOTES

1. With reference to paragraph 27, the parties clarified that their combined share of supply of the distribution of fertiliser is inclusive of Origin's activities.

2. With reference to paragraph 45, the parties clarified, as a result of the transaction Origin will acquire UAP's 50 per cent shareholding of the issued share capital of Cropstar Limited ('Cropstar').