



Determination No. M/04/009 of the Competition Authority, dated 4th March 2004, under Section 21 of the Competition Act 2002

Notification No. M/04/009 – The acquisition by Pfizer Inc. of CSL Animal Health, a division of CSL Limited

Introduction

1. On 9th February 2004 the Competition Authority, in accordance with Section 18(1) of the Competition Act 2002 (“the Act”), was notified, on a mandatory basis, of a proposal whereby Pfizer Inc. (“Pfizer”) would acquire CSL Animal Health, a division of CSL Limited (“CSL”) (“the proposed acquisition”).

The sale agreements were signed on 16th December 2003. The proposed acquisition is global in nature and would occur by way of purchase of assets in Australia and New Zealand and shares in the United States.

The Parties

2. Pfizer is a publicly owned, global pharmaceutical company and parent of the Pfizer group of companies, which develop, manufacture and market prescription medicines for humans and animals, and consumer healthcare products.
3. CSL Animal Health is owned by CSL, a publicly owned, Australian pharmaceutical company, with subsidiaries in Australia, New Zealand, Europe and the United States. CSL operates four business units: **CSL Human Health** - manufactures and supplies vaccines for human use, and markets antibiotics and pharmaceutical products supplied by other manufacturers; **JHR Biosciences** - manufactures and supplies cell culture reagents; **ZLB Plasma Services** - supplies plasma to a division of CSL Human Health, and manufactures and supplies plasma-derived products; and **CSL Animal Health** - develops, manufactures and markets vaccines for the prevention of disease in livestock and companion animals, as well as diagnostics for livestock. It has manufacturing facilities in Australia, New Zealand and the United States.

Commercial Rationale

4. Pfizer outlined the strategic objectives of the proposed acquisition, as follows:
 - It will provide Pfizer with a complementary range of products and significantly increase its sales of vaccines in Australia;
 - It will secure Pfizer’s continued control of *Spirovac*, a cattle reproductive vaccine project that is licensed to Pfizer by CSL Animal Health; and
 - Pfizer will acquire CSL Animal Health’s product development projects.



Determination of the Competition Authority

Analysis

5. Pfizer and CSL Animal Health both manufacture and supply animal health products. Pfizer's plants in Ireland only manufacture human pharmaceutical products, not any animal healthcare products. CSL Animal Health's production facilities are based in Australia, New Zealand and the United States.
6. CSL Animal Health operates in three sectors of the animal healthcare:
 - *Vaccines* - CSL Animal Health does not manufacture or supply vaccines in Ireland. Pfizer, through its licensing of *Spirovac* from CSL Animal Health, does operate in this Irish sector. In terms of sector share, completion of the proposed acquisition would not affect this arrangement.
 - *Bulk antigens* (inputs for manufacture of vaccines) - CSL Animal Health sells Tetanus Toxoid bulk antigens in Ireland. Pfizer does not operate in this sector in Ireland.
 - *Diagnostics* (laboratory tests for diagnosis of disease) - CSL Animal Health manufactures and sells products for diagnosis of bovine tuberculosis, and bovine and ovine paratuberculosis (Johne's disease). Pfizer does not operate in this sector in Ireland.
7. Therefore, Pfizer and CSL Animal Health do not compete horizontally in any sector of the animal healthcare industry in Ireland, nor are they vertically integrated in any such sector. Accordingly, there is no overlap in the notifying parties' activities in markets for goods or services in the State and the proposed acquisition does not raise competition concerns.
8. Due to the absence of overlap, the relevant product and geographic market(s) have not been defined.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

4th March 2004