

The Autorité de la concurrence clears, subject to the divestiture of 2 stores, the acquisition by the Carrefour group of 25 food retail stores formerly operated under the Casino group banner

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Background

As part of its analysis of the takeover of the former Casino stores by the Intermarché, Carrefour and Auchan groups and following the recent decision on the acquisition of 200 stores by the Intermarché group¹, the *Autorité* has now analysed the acquisition by the Carrefour group of another 25 stores.

On 7 March 2024, Carrefour notified the *Autorité* of its plan to acquire 25 food retail stores operated under the Casino group banner.

To take account of the stores' difficult economic situations, the *Autorité* granted the Carrefour group, at its request, a derogation from the suspensive effect of merger control². In accordance with the applicable rules, this derogation, which enabled Carrefour to complete the transaction without waiting for the *Autorité* to issue its decision, was without prejudice to the final decision to be taken by the *Autorité*, which, at the end of its investigation and competitive analysis, could call into question certain acquisitions by considering that remedies were necessary in areas where there would be insufficient competition for consumers after the transaction.

After examining the transaction, the *Autorité* has cleared Carrefour to acquire control of the stores in question, subject to divesting two stores to competing banners in order to ensure that consumers have access to sufficient alternatives and can benefit from competition when buying mass-market products.

The parties to the transaction

Carrefour operates stores in the food retail sector, under various formats: hypermarkets (under the Carrefour banner), supermarkets (under the Carrefour Market banner), convenience stores (under the Carrefour City, Carrefour Contact, Carrefour Express and Bio c'Bon banners), cash & carry stores (under the Promocash banner) and "soft discount" stores (under the Supeco banner).

Carrefour and the 25 target stores, formerly operated under the Casino banner³, are active in the downstream food retail markets and, as buyers, in the upstream markets for the supply of everyday consumer goods.

The *Autorité* was able to rule out any competition concerns in the supply market

The *Autorité* considered that the transaction was not likely to significantly strengthen Carrefour's purchasing power in the upstream markets for the supply of everyday consumer goods, given the low purchasing share represented by the former Casino group stores acquired by Carrefour.

Risks to competition to the detriment of local consumers identified in two local areas

Although the *Autorité* was able to rule out any risk of harm to competition in the vast majority of areas examined where Carrefour already had stores, it concluded that the transaction was likely to hinder competition in the market for the retail distribution of food products in two local areas, Argenteuil (95) and the 2nd *arrondissement* of Paris (75).

The *Autorité* considered that, in these catchment areas of former Casino group stores, Carrefour would significantly strengthen its market power following the

transaction, without there being any credible or sufficient alternatives to regulate is competitive behaviour. This situation risked leading, in particular, to a reduction in the diversity of the offering, a decline in the service level or an increase in prices, to the detriment of consumers in the areas concerned.

Carrefour proposed commitments, consisting of the divestiture of 2 stores, to resolve the competition-related concerns identified, which the *Autorité* accepted

To address the risks to competition, Carrefour has undertaken to divest, to one or more competitors, the target stores in the aforementioned areas. These commitments will ensure that a sufficient level of competition is maintained and that the interests of consumers are safeguarded in the markets concerned.

The stores concerned are the following:

| Area | Address | Post code | Town | Pre-transaction banner |
|------------|-----------------------------------------------------------|-----------|------------|------------------------|
| Argenteuil | 50 avenue du Maréchal Foch – Centre Commercial Côté Seine | 95100 | Argenteuil | Casino |

| Area | Address | Post code | Town | Pre-transaction banner |
|---------------------------|------------------------------|-----------|-------|------------------------|
| Paris, 2nd arrondissement | 7 bis boulevard Poissonnière | 75002 | Paris | Casino Tout Près |

The *Autorité* will ensure that these commitments are correctly implemented, so as to maintain effective competition and the continued operation of the stores concerned

The proposed buyers will need to be approved by the *Autorité*, which will ensure that they are able to provide a credible food retailing alternative in each of these areas. The *Autorité* will ensure that the buyers have the skills and financial capacities to operate and develop the target stores on a long-term basis. The divestitures must include all the components required to maintain the viability of the business and include the staff employed in the stores concerned.

Store divestitures do not mean store closures, but takeovers with a change of banner to avoid the risk of price rises and/or a reduced offering to the detriment of consumers

The commitments are intended to safeguard adequate local competition.

The aim is to allow a competitor to take over the stores and their activities in order to safeguard competition in the area concerned, thereby ensuring that consumers have a diversified offering in terms of prices and products. The store divestiture process is closely monitored by the *Autorité* in the months following the decision to clear the transaction. The party cleared to carry out the transaction must present to the *Autorité* buyers capable of ensuring a valid takeover and then providing effective competition. Once these buyers have been examined, the *Autorité* can issue an approval, which will clear the effective divestiture of the store in question.

The divestitures do not therefore entail the closure of the stores, but a takeover with a change of banner.

What is a derogation from the suspensive effect?

While the effective conclusion of a merger is subject to clearance by the *Autorité de la concurrence*, in certain exceptional circumstances, duly argued by the parties, the *Autorité* may grant a derogation enabling the parties to finalise part or all of the transaction without waiting for the clearance decision, in order to allow for the continuation of the business activities.

The granting of such a derogation is exceptional. A derogation may be granted in cases where the acquired business is experiencing significant difficulties, such as financial difficulties, which jeopardise its viability, as was the case here.

However, the granting of a derogation by the *Autorité* is without prejudice to the final decision taken at the end of the investigation, as the *Autorité* may impose remedies (e.g. divestitures) or even prohibit the transaction if it is detrimental to competition.

[1] *Autorité* decision 24-DCC-255 of 28 November 2024.

[2] Derogation granted under Article L. 430-4 of the French Commercial Code (*Code de commerce*) by letter dated 19 March 2024.

[3] Under the derogation granted, Carrefour was able to change the stores' banner, without waiting for the decision issued today by the *Autorité*: the stores are today operated under one of the Carrefour group banners.

DECISION 24-DCC-288 OF 13 DECEMBER 2024

on the acquisition of full control of 25 stores
formerly operated under the Casino banner by
Carrefour

See the full text of the
decision (in French)

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