31 May 2010: Sugar on Reunion Island

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The Autorité de la concurrence clears the acquisition of the Quartier Français Group by the Tereos Group, under certain conditions

> *Version française*

The Autorité de la concurrence has carefully examined the Tereos Group's acquisition of the Quartier Français Group, that is primarily active in the sugar and spirits sector on Reunion Island. The Tereos Group is an agro-industrial cooperative group that has a leading place in the national and European sugar markets.

Analysis of the operation

The Autorité took note that the operation would give the Tereos Group control of all sugarcane production on Reunion Island, a market in which the cooperative group was already present through several subsidiaries (including the Sucrerie du Bois Rouge) and several minority holdings in companies controlled by the Quartier Français Group.

The Autorité considers that the operation does not raise any competition problems in most of the markets in question, insofar as the sugarcane produced on Reunion Island only constitutes a small share of all of the sugarcane for refining that is used within the European Union.

On the other hand, it considered that the monopoly situation resulting from the merger within the same group of both companies (Eurocanne and Mascarin) that

market the sugar produced on Reunion Island to local distributors and manufacturers could result in an increase of sugar prices for consumers on Reunion Island.

In the end, the Autorité de la concurrence has authorised the operation, subject to commitments intended to remedy the identified competition problems.

Commitments intended to maintain two independent wholesale sugar distributors on Reunion Island

To this end, Tereos makes the commitment that it will sell the assets of the distributor that it is acquiring (Mascarin) to an independent third party. These assets include not only the ones related to the marketing of sugar (including the Mascarin brand), but also the storage and packaging unit in the Port. Should the buyer not wish to acquire this unit, Tereos commits itself to offer storage and packaging capacities suited to the buyer's needs, that will be designed and produced by Tereos.

This commitment will serve to maintain a competitive offer in the wholesale sugar distribution market on Reunion Island, for the benefit of consumers. Moreover, given that the Tereos Group will henceforth be the only sugar producer on the island, Tereos also commits itself to supply the new independent distributor with minimum quantities of sugar at agreed sale prices, for a period of 20 years.

A trustee approved by the Autorité will monitor compliance with the commitments.

> Please consult the full text of the decision 10-DCC-51 of 28th May 2010