

## 2 July 2012: Food retail – Table wine

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**Following an in-depth examination, the Autorité de la concurrence has given unconditional clearance for Castel's acquisition of six companies in the Patriarche group**

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The Autorité has just cleared the acquisition by Castel Frères, a subsidiary of the Castel group active in the wine sector, of six companies in the Patriarche group (hereinafter "Patriarche"), operating in the same field. The Castel group's house is now in order, the takeover having actually occurred in spring 2011 although it came under the provisions of the Commercial Code relating to merger control. However, today's decision does not rule out the potential imposition of penalties pursuant to Article L. 430-8 of the same code.

The Autorité de la concurrence had begun an in-depth (phase 2) examination on 26 March 2012 because the takeover meant that the Castel group's portfolio would contain several brands of wines with no indication of origin ("non-GI wines") (particularly Vieux Papes, La Villageoise, Cambras, Cramoisay, Champlure and Lichette), while the group was already a major private label producer of that category of wines.

The examination, which included wide-ranging consultation of all professionals in the sector (competing wine suppliers and leading supermarket players), showed that non-GI wines had many features in common with other ordinary wines such as protected geographical indication ("PGI") wines (similar manufacturing process, no bottle ageing, option to add up to 15% of grapes from

another vintage or variety). The two categories of wine have moved even closer together since 2009, when it became possible to present non-GI wines as varietal wines.

The substantial drop in sales of non-GI wines in recent years and the observed behaviour of consumers have confirmed that this type of wine is not a 'must-have' and, therefore, the strong position held by the Castel group in both branded and private label wines was unlikely to enable it adversely to affect the terms of supply of the major supermarkets.

The Castel group is still a heavyweight when it comes to table wines as a whole but this dates back to long before the acquisition. In this respect, Patriarche is only a small player and Castel will still come up against many alternative operators on the market. As a result, the Autorité considered that the nature of the operation was unlikely to adversely affect competition.

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