

# 26 February 2016: Poultry sector

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## The *Autorité de la concurrence* clears the take-over of Agrial by LDC Volaille

> *Version française*



On 25 January 2016, LDC Volaille notified its intention to acquire the sole control of the poultry slaughter, commercialisation and transport assets of the Agrial group. Having undertaken a detailed analysis on the markets for poultry and related products, the *Autorité* clears the acquisition.

### The companies involved

LDC Volailles is a company in the LDC group operating in the poultry-food manufacturing and poultry producing, collecting and slaughtering markets, as well as the fresh meat and poultry-based derived products market.

The assets of the Agrial group involved in the notified take-over are predominantly comprised by the companies Galéo and Socadis which operate two abattoirs in the Pays-de-la-Loire and Normandy areas.

The main overlapping activities involved the collection of live birds for slaughter, commercialisation of fresh meat, commercialisation of processed products and commercialisation of poultry by-product markets.

**Upon completion of its analysis, the *Autorité* considered that the take over will not harm competition.**

Despite high market shares in several of these markets, the *Autorité* held that the

characteristics and operation of the poultry markets, in particular at the chicken and turkey slaughtering stage, were restricting operators' competitive behaviour. It particularly highlighted that the growing weight of imports from other European countries in the poultry market was now exercising strong competitive pressure on the French poultry sector. Poultry abattoirs in the regions examined likewise suffer from a lack of supply of chickens and in particular turkeys, thereby operating with major production under-capacities.

The take-over will therefore allow abattoirs controlled by LDC to guarantee an outlet for producers with whom they can implement contractualisation, a system encouraged by the *Autorité* in the agricultural sector to tackle price volatility.

The *Autorité* has also highlighted the fact that LDC will continue to face competition from several competitors after the take-over, including Terrena Gastronome, Maïsadour/FSO/Delpeyrat and Ronsard.

During the market test (conducted with the sector's stake-holders), the majority of operators in the sector questioned, indicated that in their opinion this take-over was necessary. Indeed, it meets the need for the French poultry sector to be structured around solid industrial groups in order to face successfully competition from imports.

The full text of Decision 16-DCC-33 of 24 February 2016 on the take-over by LDC Volaille of the poultry slaughtering, commercialisation and transport assets of the Agrial group will be published shortly on the Autorité de la concurrence website.

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