

25 April 2016: Smoked trout market

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The *Autorité de la concurrence* clears the acquisition of joint control of the Aqualande Group by Labeyrie together with the agricultural cooperative Les Aquaculteurs Landais, subject to commitments

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On 21 January 2016, Labeyrie and Les Aquaculteurs Landais notified the *Autorité de la concurrence* of the acquisition of joint control of the Aqualande Group.

Labeyrie Fine Foods is an agri-food group, mainly active in the sector for the production of so-called "occasion" food, in particular smoked salmon and foie gras. It is the second largest in the market for the sale of national-brand smoked trout.

Les Aquaculteurs Landais is an agricultural cooperative that brings together fish-farmers specialising in farming trout.

Groupe Aqualande is the leading operator in the French smoked trout sector. Until the recent acquisition, it was exclusively controlled by the Aquaculteurs Landais cooperative, which supplied it with trout for processing and sale in the form of smoked trout via mass-retail distribution. The Aqualande Group owns the *Ovive* and *Landvika brands*.

Labeyrie's equity participation in the Aqualande Group leads to the acquisition of joint control of the leader in the trout sector in France by one of

its main competitors.

Following a large consultation of the operators in the sector (fish farmers, smoked trout processors and mass retailers), the *Autorité* confirmed that there was a risk of anticompetitive effects on competition on the smoked trout market in France:

- Reduction in the current level of competition on the smoked trout market

The deal will give Labeyrie control over the Aqualande Group's processing and sale of smoked trout, which is likely to undermine the pre-existing competition between these two operators on the national-brand smoked trout market.

- Risk of capturing trout supply sources to Labeyrie's advantage

The merger of the two leading players in the market and their proximity to Les Aquaculteurs Landais leads to the risk of vertical effects insofar as the market is characterised by the raw materials being hard to access in France due to a supply that is lower than the demand of processing companies and mass retailers. As a consequence of the deal, the Aquaculteurs Landais Cooperative is now the main source of supply of trout for its subsidiary the Aqualande Group and Labeyrie.

- Risk of foreclosure of the market in the light of Labeyrie's strong position on the related smoked salmon market

Furthermore, the *Autorité* has not set aside the possibility that there may be possible conglomerate effects given Labeyrie's strong position on the related smoked salmon market. This might encourage it to bundle the sale of smoked trout with that of smoked salmon for supermarkets and hypermarkets in order to promote Aqualande Group smoked trout.

In order to prevent any distortion of competition, the parties have made a series of commitments

The Aqualande Group has committed to offer a trout supply agreement to a

processor-smoker for an annual volume of trout that is equal to Labeyrie's current supply in order to allow a current or potential operator to boost competition on the smoked trout market.

The Aqualande Group and Labeyrie also undertake to carry out independent trade negotiations, separate from their smoked trout products, with the mass retailers.

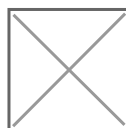
In addition, the parties undertake not to carry out any form of bundling, subordination, advantaging or consideration that link sales to mass retailers of smoked trout by any part of the Aqualande Group to sales of smoked salmon by any part of the Labeyrie group.

All these commitments are made for a period of 5 years, which may be renewed once.

An independent trustee will be responsible for ensuring compliance with these commitments.

> *The full text of Decision 16-DCC-55 will shortly be available for consultation on the website of the Autorité de la Concurrence.*

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> *See decision of the Conseil d'Etat (Council of State) - 5th January 2017*