24 May 2016: Retailing sector

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The Autorité de la concurrence has decided to open an in-depth examination regarding the de facto merger of Auchan and System U.

> *Version française*

Auchan and System U groups have notified the *Autorité de la concurrence* of their merger project on December 30th 2015, after a referral of the European Commission merger's review to France[1] . The case has been declared completed on April 7th, 2016.

As part of its review, and following a first consultation of market stakeholders, the Autorité considers that the operation needs an in-depth examination (phase 2) considering its effects, both upstream markets of supply of everyday consumer products and downstream at the distribution stage.

During this in-depth examination, the *Autorité* will engage in an extensive consultation with market stakeholders (suppliers, mass retailing companies,…) on the competition situation of geographic areas in which Auchan and System U are simultaneously presents. It will particularly focus on the question of the competitive pressure of drive stores over other stores, and the way these selling points are taken into account in the analysis of the effects of the operation. The *Autorité* will also analyse the geographic definition of the downstream markets of food distribution, studying the possibility to hold stores located out of the national borders in the local border areas concerned by the operation.

Furthermore the in-depth examination will allow to identify the consequences of the merger on the suppliers shared by both groups, in particular suppliers

belonging to categories that were until now excluded from the common purchase mandate signed by Auchan and Système U in 2014.

If necessary, the *Autorité* will also consult market operators as regards any remedies that may need to be provided for any distortion of competition.

Legislation provides that this examination should, in principle, be completed within 65 working days as from the launch of phase 2, and may be extended if necessary, for example to finalize commitments or take into account any new facts.

[1] See press release of 1st September 2015

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