The Autorité de la concurrence clears, subject to conditions, the takeover, in La Réunion, of the bakery group Pain Frotté by the groups Kin Siong, Lam Tow and Yong Wai Man

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On 5 November 2019, the groups Kin Siong, Lam Tow and Yong Wai Man notified the Autorité de la concurrence of their planned joint takeover of Pain Frotté group, which operates 12 bakeries in La Réunion.

The parties to the transaction

The Pain Frotté group operates artisanal bakeries in La Réunion under the trade names “L’Ambassadeur”, “Délicatesses Casta” and “Pain Frotté”.

Kin Siong is a family-owned group that specialises in the operation of hypermarkets (Hyper U Le-Tampon- Chatoire, etc.) and supermarkets (Leader Price Beauséjour) in La Réunion. Lam Tow is a family-owned group that specialises in the sale of everyday consumer retail products, particular food products, in La Réunion (U Express in Petite-Île, U Express in Saint-Pierre). These two groups sell bakery products at some of their retail outlets. Yong Wai Man is a family-owned group specialising in producing and wholesaling bakery products.

The transaction does not raise any competition issues in the vast majority of the catchment areas

The parties are simultaneously active on the downstream distribution market for bakery products whereas one of the groups involved in the takeover (Yong Wai Man) is also present on the upstream wholesale market for bakery products, of which it holds a significant share.

The Autorité considered that any risk of harm to competition could be ruled out on the retail distribution markets for bakery products as the transaction would give rise only to an overlapping of activities in Saint-Pierre-de-La-Réunion, where the market share of the new entity will remain limited.

In light of the upstream presence of one of the groups involved in the takeover, the Autorité also examined whether the transaction was likely to undermine the conditions of supply to the bakery outlets competing with those outlets covered by the takeover. The Autorité ruled out such a risk in 11 of the 12 areas in which Pain Frotté is present.

Trois Bassins, the only catchment area in which the transaction raises competition issues

However, the services of the Autorité focused their attention on the Trois Bassins area. In this area, the only competitor of Pain Frotté is a sales outlet that is supplied by the Yong Wai Man group and whose bakery products it would find difficult to obtain from another supplier. In this area, the Autorité considered that the new entity may have an incentive to increase the wholesale prices of its bakery products in order to make the sales outlet competing with its own sales outlet less competitive, thereby benefiting from customers crossing over to its own bakery.

The new entity will sell the bakery located in the Trois Bassins area

The new entity has, however, agreed to sell its bakery in the Trois Bassins area, thereby dispelling any risk of undermining the conditions of supply to the

competing sales outlet and protecting the purchasing power of consumers in La Réunion.

DECISION 20-DCC-28 OF 3 MARCH 2020

regarding the joint takeover of the company Financière Pain Frotté by the Kin Siong, Lam Tow et Yong Wai Man groups

See full text of the decision

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