

# Green light, subject to conditions, to the takeover of the bakery group Pain Frotté by the groups Kin Siong, Lam Tow and Yong Wai Man in La Réunion

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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 and supermarkets 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. 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 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 transaction does not raise any competition issues in the vast majority of the catchment areas. However, the Trois Bassins area did raise an issue. 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.

To address this competition concern, the new entity has 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.

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