23 October 2017: Industrially produced cold cuts

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**The Autorité de la concurrence clears the acquisition of full control of the cured meats' division
of Financière Turenne Lafayette (Paul Prédault, Madrange…) by Coorperl Arc Atlantique (Brocéliande)**

Parties to the operation

On 4 May 2017, Cooperl Arc Atlantique (VériTable, L'atout prix or Brocéliande) notified the *Autorité* of its intention to take control of the cured meat division of Financière Turenne Lafayette (made up of the Paul Prédault, La Lampaulaise des Salaisons, Madrange and Montagne Noire companies). This acquisition comes within the scope of the opening of insolvency proceedings, following the difficulties met by the Financière Turenne Lafayette group. On 15 June 2017, the Paris Commercial Court gave its approval for these takeovers. On 24 May 2017, the *Autorité de la concurrence* issued, on an exceptional basis, a derogation enabling the transaction to be finalized without waiting for the approval decision, which was issued today[1].

The activities of the parties revolve mostly around the cured meats sector

Cooperl Arc Atlantique is an agricultural cooperative company, active at different stages of pork meat processing (collecting, slaughtering, cutting and processing of cured meat products). It markets its cured meat products under retailers' brands, and its own - « Brocéliande ».
Paul Prédault, La Lampaulaise des Salaisons, Madrange and Montagne Noire companies produce cured meat products, marketed under their own and retailers' brands.

The *Autorité* identifies significant overlapping activities in a small number of markets

During its assessment of the effects of the acquisition on the market structure, the *Autorité* identified a significant overlap of activities, in a limited number of markets. The overlap primarily comprises the hyper- and supermarkets sale of cooked hams, other cooked meats, pâtés and liver-based products, as well as the sale of cooked ham to the hospitality sector.

Despite market shares that were sometimes high, all potential risks to competition which might have arisen from the operation were dismissed by the *Autorité*

Among other things, the *Autorité* took into account the competitive pressure between retailers' brands and manufacturers' brands in certain markets, especially in regard to the pâté and liver-based preparations segments.

Further, the existence of a countervailing buying power likely to be exercised by mass distribution central buying offices when dealing with the new entity led to the possibility of dismissing any risk to competition. This countervailing power is strengthened by the fact that the new entity won't control brands considered essential in the markets in which its positions are the strongest. Besides, credible alternatives exist in these markets, to which buyers in the mass distribution sector can resort, either for product supply under manufacturers' names or for products under retailers' brands.

A second acquisition falling under the insolvency proceedings concerning the ready-made meals division of Financière Turenne Lafayette was also notified to the *Autorité* on 12 June 2017 (takeover of William Saurin) and is currently being reviewed.

What is a derogation from the suspensive effect?

If the effective conclusion of a merger is subject to approval from the Autorité de la concurrence, in certain exceptional circumstances, duly argued by the parties, the *Autorité* may issue a derogation enabling them to finalise part or all of the transaction without waiting for the approval decision.

Although derogations from the suspensive effect are by definition exceptional, cases in which offers to take over concern companies subject to receivership or liquidation proceedings can lead to beneficial decisions. A derogation may also be justified in other exceptional circumstances, such as a risk of imminent dissolution of the acquisition target, the initiation of collective proceedings or the need for an acquiring party to provide guarantees or obtain financing to keep the target afloat.

However, the issue of a derogation by the *Autorité* is without prejudice to the final decision made in the light of its full assessment. The *Autorité* has the power to impose corrective measures, or even veto the transaction if it is found to be anti-competitive.

1 See the box

> See the full text of the decision 17-DCC-169

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