14 December 2017: Agricultural cooperatives

Published on December 14, 2017

The Autorité de la concurrence clears, subject to commitments, the merger of Coopérative agricole des Agriculteurs de la Mayenne (CAM) with Terrena

Parties to the operation

On 30 October 2017, the parties notified the *Autorité de la concurrence* of their intention to merge through a merger by absorption with the Coopérative agricole des Agriculteurs de la Mayenne (CAM) cooperative being eventually absorbed by the Terrena cooperative.
Both of the cooperatives are active in a significant number of markets within the agricultural and farming sectors:

- The fattening of the animals and breeding animals ;
- The collection of live animals (poultry, bovines and pigs) for slaughtering ;
- The animal nutrition ;
- The agricultural supplies of animals' hygiene and health products ;
- The collection and marketing of cereals, protein and oilseed crops.

Furthermore, the parties are active distributors of gardening, DIY and outdoor decorative products.

Some competition issues were identified in certain markets (agricultural supplies and collection of cereals, protein and oilseeds crops)

The transaction does not raise competition issues in the markets of mass distribution of gardening products or in the markets involving breeding. The *Autorité* also considered that the entity was not liable to either use its position in

the market to foreclose access to another market or to coordinate with its competitors.

Nonetheless, the *Autorité* submitted its clearance to commitments to remedy certain identified competition issues.

Indeed, in the markets of agricultural supplies, the *Autorité* identified several possible anti-competitive effects in the Mayenne *département*, especially in the market of traditional seeds distribution. In view, notably, of a high market share and of the supply obligations provided by the terms of the cooperative (Terrena's cooperators must obtain 100% of their supplies from the cooperative, whereas CAM affiliates are not subject to any numbered contribution obligation), the new entity could have used its market power to increase its prices.

Likewise, the *Autorité* considered that anti-competitive risks existed in the collection market of cereals, protein and oilseed crops in the Mayenne *département*, insofar as the cooperators would have had to sell their entire production to the new entity.

The commitments taken will provide more leeway to the cooperative member-farmers for their agricultural supplies purchase and for the sale of their harvests

In order to address competition concerns, Terrena committed to modify its terms to reduce the contribution obligation of the new entity's affiliates regarding their cereals, protein and oilseeds crops and the obligation to get supplies from the new entity, as far as the plant supplies for polyculture are concerned, to a minimum of 55% (instead of 100% today for Terrena's affiliates).

Therefore, by giving the affiliates the possibility to obtain their supplies from and to sell to third parties as much as 45% of their needs of agricultural supplies and of their cereals, protein and oilseeds crops production, the new terms of the merged entity will enable them, in case of a significant selling price increase or a significant decrease of the purchase price in these markets, to resort to competitors for a substantial part of their purchases and sales.

> See the full text of decision 17-DCC-210 of 13 November 2017

Press Contact :
Chloé Duretête +33 1 55 04 01 20 / Mail