Agrifood: The Autorité de la concurrence opens an in-depth examination into the creation of a joint venture by the Euralis and Maïsadour groups

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Background

On 2 May 2022, the Euralis and Maïsadour groups notified the *Autorité de la concurrence* of their plan to merge through the creation of a joint venture that would combine their activities in the fattened duck sector.

At the end of the first phase of the review, the *Autorité* considered that there were serious doubts regarding harm to competition - which the commitments made by the parties do not eliminate as they stand - that justified an in-depth review of the transaction (known as "phase 2").

The start of this phase 2 will be an opportunity for the *Autorité* to consult market stakeholders through hearings or new market tests.

Parties to the transaction

Euralis Coop is an agricultural cooperative company with approximately 6,500 member farmers. It operates, through its subsidiaries, in various agrifood sectors both in France and abroad. It is active in various agricultural sectors, such as seeds, cereals, vegetables, poultry, animal nutrition and agricultural supplies. Its subsidiary Euralis Gastronomie is particularly active in the fat palmipeds sector.

Maïsadour is an agricultural cooperative company with approximately 5,000 member farmers. Through its subsidiaries, it operates in various agricultural sectors, including seeds, cereals, agricultural supplies, vegetables, animal nutrition, livestock and animal production. Its subsidiaries Delpeyrat and Comtesse du Barry operate in the sectors of fat palmipeds, smoked fish and the retail distribution of mainly food products.

On 2 May 2021, the Euralis and Maïsadour groups notified the *Autorité de la concurrence* of their plan to merge through the creation of a joint venture that would combine their activities, primarily in the field of fattened duck.

The company is active in the markets for the collection and slaughter of fattened ducks and the marketing of products made from fattened ducks (foie gras, fattened duck meat, confits, etc.), particularly for mass retail distribution and the external catering industry. It will operate well-known brands such as Delpeyrat, Maison Montfort, Diamant Noir, Rougié, Toque Blanche, Sarrade and Comtesse du Barry.

Serious doubts of harm to competition justifying the opening of an in-depth examination

- *Phase 1 investigation*

The *Autorité* notes that the transaction will give the joint venture significant market shares on the local upstream markets for the collection of animals for slaughter, as well as on several downstream markets for the production and marketing of fattened duck products. This strengthening would entail a risk of increasing the prices of several products, as well as a risk of decreasing the quality and diversity of the products.

To remedy the competition concerns identified, the parties submitted commitments in July 2022, which were the subject of a market test with operators in the sector. However, the *Autorité* considered that these proposed

commitments did not address the competition concerns identified, as they were considered insufficient to stimulate competition from alternative operators in the markets affected by the transaction.

- *The opening of an in-depth examination*

The texts state that the review of a merger transaction in phase 2 is in principle carried out within 65 workdays from the opening of phase 2, but this period may be extended if necessary.

During this in-depth examination, the ***Autorité*** will, in particular, consult market stakeholders through hearings or new market tests and will examine the arguments raised by the notifying parties.

The opening of a phase 2 does not prejudge the existence of possible harm to competition or the outcome of the merger clearance application.

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