Airport catering: the Autorité de la concurrence opens an in-depth examination in the context of the proposed creation of a joint venture by the Aéroport de Paris and Select Service Partner groups

Published on January 09, 2023

Background

On 28 October 2022, the Aéroport de Paris and Select Service Partner groups notified the *Autorité de la concurrence* of their plan to create a full-function joint venture called Extime Food & Beverage Paris, whose purpose is to eventually operate almost all of the catering outlets located in Paris-Roissy Charles de Gaulle and Paris-Orly airports.

At the end of the first phase of the review (known as "phase 1"), the *Autorité* considered that the transaction raised serious doubts regarding harm to competition that justified an in-depth review of the transaction (known as "phase 2").

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

Parties to the transaction

Aéroport de Paris (« ADP »)

ADP is a limited company controlled by the French State. ADP is in charge of developing, operating and expanding airport facilities in the Île-de-France region (mainly Paris-CDG, Paris-Orly and Paris-Le Bourget). ADP is active across the entire airport value chain, as in addition to making its infrastructure available to airlines, it operates the commercial sites (shops and restaurants) located in the airports it manages.

Select Service Partner (« SSP »)

SSP belongs to the SSP group, which exclusively controls it. This group works mainly in concession catering. This activity involves providing a catering service in areas mainly used for a different activity such as transport (airports, train stations, etc.), sports and leisure (museums, cinemas, amusement parks, stadiums, etc.), retail (shopping centres, department stores, etc.) and other public places. SSP is particularly present in transport infrastructures: in France, it is active in airports (Marseille, Nice, Nantes, Bordeaux, Lyon, Paris-CDG and Orly), train stations (Gare de Lyon and Gare Montparnasse), motorway service stations and the Paris metro.

Extime Food & Beverage Paris (« Extime »)

Prior to the transaction, Extime was a subsidiary of the ADP Group. To date, its business has been the management of catering outlets at Orly airport. Following the transaction, Extime will be jointly controlled by ADP and SSP and will eventually operate almost all the catering outlets at Orly and Paris-CDG airports.

The *Autorité* has identified risks of harm to competition in the concession catering and commercial catering markets

The parties are active in the airport concession catering and commercial catering markets.

With regard to the effects on the concession catering market, the *Autorité* notes that the transaction will result in Extime managing, in the long term, almost all the catering areas in the two largest French airports, which is likely to give SSP,

the joint venture's co-controller, a significant competitive advantage in the national airport concession catering market. Such a situation could allow SSP to systematically come out on top in calls for tender issued by ADP or other French airports, leading to a risk of the exclusion of SSP's competitors in this market.

With regard to the effects on the airport commercial catering market, the *Autorité* notes that the transaction will ultimately give the joint venture a virtual monopoly on ADP's catering services. This virtual monopoly is likely to result in an increase in prices, as well as a risk of decreasing the quality and diversity of the products for end consumers.

The arguments put forward by the notifying parties did not remove the serious doubts regarding harm to competition in these markets.

The *Autorité* opens an in-depth examination procedure

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 this phase, 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 any distortions of competition or the outcome of the clearance decision application for the merger control.

The full text of the decision will soon be published on the Autorité's website

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