



DETERMINATION OF MERGER NOTIFICATION M/12/032 – Timac/Grassland Fertiliser

Section 21 of the Competition Act 2002

Proposed acquisition by Timac Agro (Holdings) Ireland Limited of 50% of Grassland Fertiliser from Grassland Holdings

Dated 17/01/13

Introduction

1. On 21 December 2012 the Competition Authority ("the Authority"), in accordance with Section 18 of the Competition Act, 2002 ("the Act"), received a notification of a proposed transaction whereby Timac Agro Ireland Limited ("Timac") proposes to acquire, through its subsidiary, Timac Agro (Holdings) Ireland Limited ("NewCo"), 50% of the issued share capital of Grassland Fertilisers ("GF") from Grassland Holdings ("GH"), a subsidiary of Freshgrass Holdings ("FH").

The Undertakings Involved

The Acquirer

2. Timac is an Irish limited company formed in 1995 which specialises in plant, soil and animal nutrition. It is a subsidiary of Fipar Agro International, a French multinational company, which is part of Groupe Roullier ("Roullier").
3. Roullier is not engaged in manufacturing products in the State. In the State Roullier through Timac is involved in the development and sale of formulas which are adapted for specialist agricultural purposes. This includes the sale of mineral fertilisers, foliar sprays, soil conditioners, mineral blocks, feed blocks, and hygiene products for farm activities.¹
4. Roullier is the ultimate parent of Timac. Roullier is a French group that specialises in plant, animal and human nutrition. Roullier is structured into 13 business lines which include the following: agro-supplies; professional hygiene; mineral and industrial products; magnesite; plastics; garden products; food phosphates; marine

¹ Roullier, through Timac, also has a separate business of trading in fertiliser materials for use outside of Ireland. None of these fertiliser products are used or imported for use in the State. Roullier is also active in the State through sales of products from its agro chemical business division.

biotechnologies; operation and transformation of seaweed; naval equipment; pastries; and cooked meats & seafood.

5. Roullier operates in over 38 countries, employs 6,300 people and has a combined annual turnover of €2.6 billion. In the State for the same period, Roullier had a turnover of approximately €12.5 million². For the financial year ended 31 December 2011, Timac had a worldwide turnover of approximately €[...]. In the State for the same period, Timac had a turnover of approximately €6.4 million.

The Target

6. GF is an unlimited liability company incorporated in Ireland which is engaged in the blending and wholesale distribution of commodity fertiliser in Ireland. GF is a subsidiary of GH, which in turn is a subsidiary of FH.
7. For the financial year ended 31 December 2011, the turnover of GF in the State represented its entire turnover, approximately €115 million.

Third Party Submissions

8. No third party submission was received.

Rationale

9. The parties state that the blending and wholesale supply of fertiliser in Ireland is a profitable enterprise. The acquirer also states that the proposed merger will allow it to further grow and develop its speciality fertiliser business in Ireland.

Analysis

10. In the State Roullier through Timac is engaged in the sale of speciality fertiliser direct to farmers, while GF is engaged in the blending³ and wholesale distribution of commodity fertiliser which it supplies to agri-merchants who in turn supply farmers.
11. While the authority has not made any conclusions regarding the definition of the relevant product market, even if all fertiliser products were considered to be part of the same market then the proposed transaction would not lead to any adverse competitive effects since:
 - Roullier, through Timac, currently holds less than 1% of the market for fertilisers and there is no reason to believe this is about to change significantly;

² This includes sales by Timac and the sales of products from its agro chemical business division.

³ Blending refers to the process whereby GF having imported raw materials blends these raw materials into various ratios (e.g. 10:10:20 meaning the ratio of P/N/K/) and bags the 'mix' into various sizes (e.g. 50 kilo, 500 kilo bags) to await distribution to wholesalers.

- Post merger, the combined firm would face several substantial competitors including the leading firm Gouldings. Gouldings and the remaining firms in the broad fertiliser market would be likely to impose sufficient competitive constraints on the merged entity;
 - The Authority consulted multiple customers and competitors, none of whom was concerned about the competitive effect of the proposed transaction.
12. In addition there is a reasonable case to be made that the fertiliser products sold by Roullier (through Timac) and GF in the State are sufficiently different in terms of both use and sales channels that they may not be considered direct competitors. Roullier distribute speciality fertiliser which is tailored to a fertilisation programme related to particular requirements of individual farmers as regards their soil (particularly nutrient deficient soil), crops and farming objectives -- using patented technology and calcified seaweed as an ingredient. It is asserted that this increases the efficiency of the nutrients and their availability to the plant. Commodity fertiliser on the other hand contains a different ratio of phosphate nitrogen and potash (and various trace elements) and does not include the patented technology or the calcified seaweed. Speciality fertiliser is often used in conjunction with commodity fertiliser and other organic material. It is sold by sales representatives who call on farmers and solicit orders. The differences between the two firms' activities provide additional reason why the proposed acquisition is unlikely to cause harm to competition or potential competition.
13. In light of the above the Authority is of the view that this transaction will not result in a substantial lessening of competition in any market for goods and services in the State.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Timac Agro (Holdings) Ireland Limited of 50% of Grassland Fertiliser from Grassland Holdings will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

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