



Determination No. M/04/036 of the Competition Authority, dated 16 July 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/036 - the proposed acquisition by British Sugar plc. of Billington Food Group Limited

Introduction

1. On 17 June 2004 the Competition Authority, in accordance with Section 18(1) of the Competition Act 2002, was notified, on a mandatory basis, of a proposal whereby British Sugar plc ("British Sugar"), would acquire the entire issued share capital of Billington Food Group Limited ("Billingtons"), together with Billingtons' 30% shareholding in Sukpak Limitee ("the proposed acquisition").
2. The proposed acquisition was notified to the United Kingdom Office of Fair Trading, on 2 June 2004.

The Parties

3. British Sugar, incorporated in England and Wales, produces and supplies sugar from sugar beet grown in the UK. British Sugar's turnover for the year ended 13 September 2003 was about €1,100million. British Sugar sells a relatively small quantity of refined sugar in the State ([0-1,000] tonnes, about €[0-1,000,000] worth, in its most recent financial year). British Sugar only supplies to industrial users in the State, mainly Irish Sugar.
4. Billingtons, incorporated in England and Wales, imports unrefined cane sugar into the UK, mainly from Mauritius. Billingtons' turnover for the year ended 30 April 2003 was about €44.2 million. Billingtons also sells a relatively small quantity of unrefined sugar in the State to industrial users (about €[1-1,000,000] worth in its most recent financial year).

Analysis

5. British Sugar supplies refined sugars, produced from beet, and Billingtons supplies unrefined sugars, produced from cane. Neither party has any physical presence in the State.
6. The parties estimate that the total value of the Irish sugar industry is about €143million, or 184,000 tonnes, split into 154,000 tonnes to industrial customers and 30,000 tonnes to retail customers. Irish Sugar produces approximately 200,000 tonnes annually. The parties estimate that Irish Sugar exports 48,000 tonnes and that there are imports into the State from the UK of 12,000 tonnes and from France of up to 20,000 tonnes. The parties' combined sales in the State, for their most recent financial years, are approximately €[0-2,000,000], which is less than 1% of total sales in the Irish industry. This parties'



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minimal presence in the Irish sugar industry indicates that the proposed acquisition would not substantially increase concentration in any sector of that industry.

7. The parties cite a recent decision of the European Commission¹, which distinguished three relevant product markets for the manufacture and supply of sugar: sugar supplied to industrial users, generally in bulk; branded sugar sold to retail users, generally in smaller packages; and sugar sold to retailers, to be resold under their private label. However, given the proposed acquisition's minimum effect on competition, it is not considered necessary to define the relevant market, or markets.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the proposed acquisition by British Sugar of Billingtons, together with Billingtons' 30% shareholding in Sukpak Limitee, will not result in a substantial lessening of competition in any market for goods or services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

¹ Case COMP/M.2530 Sudzucker/Saint Louis Sucre [2001] OJ L103/6