

DETERMINATION OF MERGER NOTIFICATION M/24/070 – ARRABAWN CO-OPERATIVE SOCIETY LIMITED/TIPPERARY CO- OPERATIVE CREAMERY LIMITED

Section 21 of the Competition Act 2002

Proposed merger of Arrabawn Co-Operative Society Limited and Tipperary Co-Operative Creamery Limited

Dated: 20 February 2025

Introduction

1. On 14 November 2024, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Arrabawn Co-Operative Society Limited (“Arrabawn”) would merge with Tipperary Co-Operative Creamery Limited (“Tipperary”) (together “the Parties”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a merger agreement, dated 21 October 2024, between Arrabawn and Tipperary (the “Agreement”). Under the terms of the Agreement, Arrabawn and Tipperary will be amalgamated to form a new industrial and provident society called Arrabawn Tipperary Co-Operative Society Limited (the “Merged Entity”) pursuant to the provisions of section 53(1) of the Industrial and Provident Societies Act 1893.¹ Following the implementation of the Agreement, 75.5% of the shareholdings of the Merged Entity are to be allocated between members of Arrabawn and the remaining 24.5% is to be allocated among the members of Tipperary.

¹ Industrial and provident societies are registered under the Industrial and Provident Societies Acts 1893-2021. Once registered its members enjoy limited liability akin to other corporate entities, but each member generally only has one governing vote. This type of organisation is common in the agricultural sector.

The Undertakings Involved

Arrabawn

3. Arrabawn is an industrial and provident society which is registered with the Registrar of Friendly Societies and is owned by 3,646 members.² Arrabawn is a diversified agri-business co-operative that has three main divisions:

- **Dairy ingredients:** Arrabawn's principal business activities relate to the production and supply of dairy products. Arrabawn produces milk, butter, cream, milk powder products and buttermilk. Arrabawn estimates that approximately 90% of its dairy ingredients are ultimately destined for export to international markets.³ Arrabawn's dairy processing plant is located in Nenagh, Co. Tipperary.
- **Animal feed:** Arrabawn produces and supplies animal feed products (dairy, beef, sheep and calf feeds) under its *Dan O'Connor Feeds* and *Greenvale Animal Feed* brands. These products are sold both directly to farmers and through Arrabawn's retail stores. Arrabawn's animal feed is produced at its mill located on the Ballysimon Road, Co. Limerick.
- **Agricultural retail stores:** Arrabawn operates 12 agricultural stores in the State. These stores sell gardening equipment, farm inputs, animal feed and other farming equipment to customers. Arrabawn operates 5 stores in Co. Tipperary, 4 stores in Co. Galway, and 1 store in each of Co. Clare, Co. Offaly and Co. Roscommon respectively. Arrabawn also operates an online store.⁴

4. For the financial year ending 31 December 2023, Arrabawn's worldwide turnover was approximately €402.6 million, of which approximately €315 million was generated in the State.

² No individual member owns in excess of 1% of the shares in Arrabawn. The members are primarily farmers who supply raw milk to Arrabawn.

³ Merger notification form ("Merger Notification Form"), paragraph 3.3 (A).

⁴ <http://arrabawnstores.ie/>.

Tipperary

5. Tipperary is an industrial and provident society which is registered with the Registrar of Friendly Societies and is owned by 1,173 members based in Co. Tipperary.⁵
6. Tipperary's principal activities relate to the production and sale of dairy products, the supply of animal feed, and the operation of agricultural retail stores, as follows:
 - **Dairy products:** Tipperary produces milk, butter, cream, cheese, milk powders, and buttermilk. Tipperary stated in the Merger Notification Form that approximately 99.5% of its dairy products are intended for export to international markets.⁶ Tipperary's processing plant is located in Tipperary Town, Co. Tipperary.
 - **Animal feed:** Tipperary supplies animal feed (dairy, beef and calf feeds) to farmers and individual customers. Tipperary does not produce the animal feed it supplies; Tipperary sources animal feed from a range of suppliers (including Arrabawn) before reselling it to its own customers.
 - **Agricultural retail stores:** Tipperary operates 3 agricultural retail stores (the "Target Stores"). The Target Stores are located in Co. Tipperary. The Target Stores sell gardening equipment, farm inputs, animal feed and other farming equipment to customers.
7. For the financial year ending 31 December 2023, Tipperary's worldwide turnover was approximately €304.3 million, of which approximately €102.9 million was generated in the State.

Rationale for the Purposed Transaction

8. The Parties stated the following in the Merger Notification Form:

⁵ No individual member owns in excess of 1% of the shares in Tipperary save for one former milk supplier. The members are primarily farmers who supply raw milk to Tipperary.

⁶ Merger Notification Form, paragraph 3.3.



“The Parties believe that the Proposed Transaction will lead to a stronger organisation in the dairy industry, benefitting the farmer members of each of the Parties as well as leading to better outcomes for end-consumers of dairy products. The Proposed Transaction will result in significant processing cost savings arising for the [Merged Entity] and the Parties’ intentions are that these cost savings and synergies will be passed on to consumers in the form of the prices paid for dairy products.

Further, the product portfolios of [Arrabawn] and [Tipperary] are complementary, and the Proposed Transaction will enable the [Merged Entity] to offer an improved product range to customers.

Arrabawn Tipperary Co-Operative Society Limited is also intended to enhance [Arrabawn] and [Tipperary]’s product offering on an international scale.”⁷

Contact with the Parties

9. On 24 December 2024, the Commission served a Requirement for Further Information (“RFI”) on each of Arrabawn and Tipperary pursuant to section 20(2) of the Act. The service of the RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.
10. Arrabawn and Tipperary provided full responses to their respective RFIs on 10 January 2025. Upon receipt of full responses from both Arrabawn and Tipperary, the “appropriate date” (as defined in section 19(6)(b)(i) of the Act)⁸ became 10 January 2025.

Third Party Submissions

11. One third party submission was received during the Phase 1 investigation. The submission was fully considered by the Commission insofar as it related to the

⁷ Merger Notification Form, paragraph 2.6.

⁸ The “appropriate date” is the date from which the time limits for making Phase 1 or Phase 2 determinations begin to run.

potential effects of the Proposed Transaction on competition in markets for goods and services in the State.

Industry Background

Dairy Co-Operatives (“Co-Ops”)

12. There are approximately 17,000 dairy farmers in the State, and they generally supply their milk to Co-Ops.⁹ Co-Ops refer to industrial and provident societies which are organisations that are owned, controlled and operated by a group of users for the benefit of those users. The majority of Irish Co-Ops are multi-purpose operations with interests in milk processing, liquid milk, consumer foods, agri-trading and feed milling.¹⁰
13. Prior to 2015, milk quotas set a guaranteed price for milk. Following their abolition in 2015, milk supply agreements were put in place between farmers and Co-Ops. Milk supply agreements contain pricing and payment terms between farmers and Co-Ops. Within the framework of these milk supply agreements, the price paid by Co-Ops for milk is influenced by different factors, including production costs, prices obtained on international markets, and prices charged by other Co-Ops.¹¹
14. According to the National Milk Agency’s Annual Report from 2023:

“Over 90% of Irish milk supplies are destined for export markets while less than 10% of milk supplies are consumed on the domestic market.”¹²

Competitive Analysis

Horizontal overlap

15. There are four horizontal overlaps between the Parties:

⁹ The Irish Co-operative Organisation Society (ICOS) website, available at: <https://icos.ie/icos-dairy-committee/>.

¹⁰ The Irish Co-operative Organisation Society (ICOS) website, available at: <https://icos.ie/icos-dairy-committee/>.

¹¹ Arrabawn RFI response to question 7.

¹² National Milk Agency, “Annual Reports & Accounts 2023”, page 3.

- **Procurement of raw milk:** The Parties procure raw milk from their farmer members and from other Co-Ops;
- **Supply of bulk dairy products:** The Parties are involved in the production and supply of various bulk dairy products to customers in the State and for export to international markets. Bulk dairy products refer to large quantities of dairy products sold in bulk for export or to business customers for further processing and use in food manufacturing. These products include (i) milk; (ii) butter; (iii) cream; and (iv) milk powder products;
- **Supply of animal feed:** The Parties both supply animal feed, specifically beef (including calf) feed, dairy feed, and sheep feed; and
- **Operation of agricultural retail stores:** Both of the Parties operate a number of agricultural retail stores.

Vertical Relationships

16. There are three existing vertical relationships between the Parties:

- The Parties supply raw milk to each other on an ad-hoc basis;
- Arrabawn supplies buttermilk to Tipperary. Arrabawn does not have the relevant equipment to produce other dairy products from buttermilk and therefore it supplies some of its buttermilk to Tipperary; and
- Arrabawn supplies animal feed to Tipperary. As noted above, Tipperary does not produce animal feed and sources animal feed from different suppliers, before reselling animal feed to its own customers.

Relevant Markets

Product market

Previous decisions of the Commission

17. The Commission has considered the agricultural sector (with specific focus on the dairy sector) in several previous merger determinations.¹³ The following determinations are of relevance to the Commission's assessment of the Proposed Transaction:

- **M/19/020 – Fane Valley/Smyths:** the Commission assessed the competitive effects of this transaction by reference to the potential market for the production and direct supply of animal feed.
- **M/18/089 – Lakeland/LacPatrick:** the Commission assessed the competitive effects of this transaction by reference to the potential market for the procurement of raw milk. The Commission also considered the following potential product markets: (i) the production and supply of bulk milk powder; (ii) the production and supply of bulk butter; (iii) the supply of individualised packet butter portions to the out-of-home service; and (iv) the retail sale of agricultural inputs to farmers. However, the Commission did not consider these potential markets in detail, as it did not identify any competition concerns.
- **M/18/094 – North Cork/Newtownsandies:** the Commission assessed the competitive effects of this transaction by reference to the potential markets for: (i) the procurement of raw milk; and (ii) the retail sale of agricultural inputs.

Parties' views

18. The Parties identified the following potential relevant product markets in the Merger Notification Form:

- the procurement of raw milk;
- the production and supply of bulk dairy products (such as butter and milk products);

¹³ M/23/008 – Aurivo Co-Op/Certain Assets of Arrabawn Co-Op is the Commission's most recent determination in the dairy sector. The Commission also considered the dairy sector in M/19/020 – Fane Valley/Smyths, M/18/089 – Lakeland/LacPatrick and M/18/094 – North Cork/Newtownsandies, among other determinations.

- the supply of animal feed to farmers; and
- the retail supply of agricultural inputs.

Commission's view on product market definition

19. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product markets as doing so will not alter its assessment of the competitive effects of the Proposed Transaction. The Commission has found no reason to depart from the approach taken in its previous merger determinations regarding the agricultural sector. The Commission has therefore assessed the competitive effects of the Proposed Transaction by reference to the following potential product markets:

- The procurement of raw milk;
- The production and supply of bulk dairy products (milk, butter, cream and milk powder products);
- The supply of animal feed; and
- The retail sale of agricultural inputs.

Geographic market

Previous decisions of the Commission

Procurement of raw milk

20. In *M/18/089 – Lakeland/LacPatrick*, the Commission assessed the procurement of raw milk on a provincial basis, which in that case was Ulster.
21. In *M/18/094 – North Cork/Newtownsandes*, the Commission assessed the procurement of raw milk within the counties of Limerick, Cork, Kerry, as well as in Munster.

Supply of bulk dairy products

22. The Commission considered two specific types of bulk dairy products (bulk milk powder and bulk butter) in *M/18/089 – Lakeland/LacPatrick*. The Commission stated that its market enquiries in that case:

“suggested that bulk milk powder and bulk butter are commodities and generally traded on the international market. This is in line with the market reality, where both Lakeland and LacPatrick process raw milk into milk powder and butter at their facilities on the island of Ireland and supply bulk milk powder and bulk butter to customers, which primarily export the bulk milk powder and bulk butter on international markets to internationally-based customers. This is also in line with established precedent, that the geographic scope for bulk milk powder, and bulk butter are at least the EEA.”¹⁴

23. In light of this, the Commission did not consider the sale of these products in detail in its determination in *M/18/089 – Lakeland/LacPatrick*.

Supply of animal feed

24. In *M/19/020 - Fane Valley/Smyths*, the Commission did not conclude on a potential geographic market with respect to the supply of animal feed.¹⁵

Retail sale of agricultural inputs

25. In *M/18/012 – North Cork/Feale Bridge and Headley’s Bridge*, the Commission assessed the supply of agricultural inputs at a regional level (within 100km of the relevant retail store).¹⁶

Parties’ views

26. The Parties identified the following potential relevant geographic markets in the Merger Notification Form:

¹⁴ Paragraph 41.

¹⁵ In *M/19/020 - Fane Valley/Smyths*, one of the notifying parties was located primarily in Northern Ireland while the other was located primarily in the State. The Commission concluded that it was not necessary to define a precise geographic market since the size of the geographic market would not materially alter the competitive impact of the Proposed Transaction whether the relevant market was defined broadly or narrowly.

¹⁶ *M/18/012 – North Cork/Feale Bridge and Headley’s Bridge*, para 32.

- The procurement of raw milk on a national basis;
- The production and supply of bulk dairy products in the EEA;
- The supply of animal feed on the island of Ireland;
- The supply of animal feed on a regional basis (Munster); and
- The supply of agricultural inputs on a regional basis (Munster).

Commission's view on geographic market definition

27. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant geographic market as doing so will not alter its assessment of the competitive effects of the Proposed Transaction. The Commission has therefore assessed the competitive effects of the Proposed Transaction by reference to the following potential geographic markets:

- The procurement of raw milk in Munster;
- The procurement of raw milk in Co. Tipperary;
- The production and supply of bulk dairy products in the EEA;
- The supply of animal feed within Munster; and
- The retail sale of agricultural inputs within 100km of the Target Stores.

Commission's conclusion on market definition

28. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant markets as doing so will not alter its assessment of the competitive effects of the Proposed Transaction. The Commission has found no reason to depart from the general approach taken in its previous merger determinations regarding the agricultural sector. The Commission has therefore assessed the

competitive effects of the Proposed Transaction by reference to the following potential relevant markets:

- The procurement of raw milk in Munster;
- The procurement of raw milk in Co. Tipperary;
- The production and supply of bulk dairy products in the EEA;
- The supply of animal feed within Munster; and
- The retail sale of agricultural inputs within 100km of the Target Stores.

Competitive assessment

Horizontal effects

Procurement of Raw Milk in Munster and Co. Tipperary

29. Both of the Parties procure raw milk from their farmer members within Munster. The Parties also procure raw milk from other Co-Ops in Munster on an ad-hoc basis. Table 1 below outlines the Parties' estimated share in the procurement of raw milk in Munster and in Co. Tipperary in 2024 (January to October).

Table 1: Estimated shares for the procurement of raw milk in Munster and Co. Tipperary¹⁷

Co-Op	Munster Market Share	Tipperary Market Share
Arrabawn Co-Op	[5-10]%	[15-20]%
Tipperary Co-Op	[0-5]%	[15-20]%
Combined	[5-10]%	[35-40]%
Tirlán Co-Operative Society Limited ("Tirlán")	[15-20]%	[20-25]%

¹⁷ The share estimates outlined in Table 1 are based on information provided by the Parties and third parties which responded to the Commission's market enquires. Therefore, the Commission notes that there may be other Co-Ops, particularly smaller ones, which may not be listed in Table 1.



Dairygold Co-Operative Society Limited ("Dairygold")	[25-30]%	[15-20]%
Kerry Co-Operative Creameries Limited ("Kerry Co-Operative Creameries")	[20-25]%	0
Carbery Food Ingredients Limited ("Carbery Food Ingredients")	[10-15]%	0
Aurivo Co-Operative Society Limited ("Aurivo")	[0-5]%	0
North Cork Co-Operative Creameries Limited ("North Cork Co-Op")	[0-5]%	[0-5]%
Centenary Thurles Co-Operative Society Limited ("Centenary")	[0-5]%	[15-20]%
Lee Strand Co-Operative Creamery Limited ("Lee Strand")	[0-5]%	0
Mullinahone Co-Operative Society Limited ("Mullinahone")	[0-5]%	[0-5]%
Strathroy Dairy (ROI) Unlimited Company ("Strathroy")	[0-5]%	[0-5]%
Total	100%	100%

Source: the Parties and third parties

Market structure and concentration in Munster

30. As shown in Table 1, the Merged Entity would have a [5-10]% share in the procurement of raw milk in Munster following the implementation of the Proposed Transaction, a [0-5]% increase on Arrabawn's pre-merger share.
31. In light of the Merged Entity's modest share in Munster following the implementation of the Proposed Transaction, as well as the number of remaining Co-Ops that will continue to exert a competitive constraint on the Merged Entity, the Commission has not identified potential competition concerns with respect to the procurement of raw milk in Munster. Therefore, the Commission considers that the Proposed Transaction

does not raise any horizontal competition concerns within the potential market for the procurement of raw milk in Munster.

Market structure and concentration in Co. Tipperary

32. As shown in Table 1 above, the Merged Entity's share in the procurement of raw milk in Co. Tipperary would be [35-40]% following the implementation of the Proposed Transaction. The Merged Entity would hold the highest share in the potential market for the procurement of raw milk in Co. Tipperary following the implementation of the Proposed Transaction.
33. While the Proposed Transaction would result in the merger of the two Co-Ops with the second and third-highest share in the potential market for the procurement of raw milk in Co. Tipperary following the implementation of the Proposed Transaction, the Commission considers that the Proposed Transaction will not substantially lessen competition for the following reasons.
34. **First, remaining Co-Ops will exert a competitive constraint on the Merged Entity.** The Commission notes that remaining Co-Ops, including some of the largest Co-Ops in the State, such as Tirlán ([20-25]%) and Dairygold ([15-20]%), will exert a competitive constraint on the Merged Entity in the procurement of raw milk in Co. Tipperary following the implementation of the Proposed Transaction. Furthermore, the Commission notes that the Merged Entity will also be constrained by local, Co. Tipperary-focused Co-Ops, such as Centenary ([15-20]%), following implementation of the Proposed Transaction.
35. **Second, dairy farmers located within Tipperary have several alternative Co-Ops to which they could switch.** As outlined in Table 1 above, there are 6¹⁸ third-party Co-Ops that currently procure milk from Co. Tipperary, to which farmers could switch their supply following implementation of the Proposed Transaction.¹⁹ However, the

¹⁸ Tirlán, Dairygold, North Cork Co-Op, Centenary, Mullinahone and Strathroy.

¹⁹ The Commission notes that the information in Table 1 is based on information provided by the Parties and information gathered by the Commission from third parties. While the Commission considers that Table 1 is based on comprehensive information from third parties, it notes that there are certain Co-Ops, particularly smaller ones, that may not be included.



Commission considers that farmers in Co. Tipperary can also supply their raw milk to other Co-Ops outside of Co. Tipperary.

36. Co-Ops tend to source most of their raw milk from farmers located within the immediate area surrounding their respective processing facility (“catchment area”). Information gathered by the Commission demonstrates that many Co-Ops’ catchment areas include part of Co. Tipperary, even where the Co-Op in question does not operate a processing facility in the county.²⁰ This demonstrates that farmers in Co. Tipperary could switch their supply to such Co-Ops.
37. Similarly, Co-Ops regularly procure milk from farmers located in different counties. With respect to the Parties:

- Arrabawn sources raw milk from farmers located in 16 counties;²¹ and
- Tipperary sources raw milk from farmers located in 4 counties.²²

38. Therefore, the Commission considers that farmers have a range of Co-Ops to which they could switch following the implementation of the Proposed Transaction.
39. **Third, the Merged Entity will not have the incentive to decrease the price it pays to its farmer members following the implementation of the Proposed Transaction.** As noted in the Commission’s Merger Guidelines, “[u]nilateral effects occur when a merger results in the merged entity having the ability and the incentive to raise prices at its own initiative and without coordinating with its competitors.”²³ The Commission’s Merger Guidelines also state that:

“Monopsony effects can arise when an individual buyer, or group of buyers, has the ability and incentive to significantly influence product prices (or other factors

²⁰ This includes Tirlán, Dairygold, Kerry Co-Operative Creameries, Aurivo, North Cork Co-Op, Carbery Food Ingredients and Strathroy.

²¹ Counties Carlow, Clare, Cork, Galway, Kildare, Kilkenny, Laois, Limerick, Mayo, Offaly, Roscommon, Tipperary, Waterford, Westmeath, Wexford and Wicklow.

²² Counties Laois, Limerick, Offaly and Tipperary.

²³ The Commission’s Merger Guidelines, paragraph 4.8.



*such as terms and conditions of sales). The Commission's analysis of monopsony is analogous to its analysis of monopoly."*²⁴

40. As outlined above, the Merged Entity will be owned by the current farmer members of the Parties. Co-Ops owned by their farmer members are operated for the benefit of these members. Furthermore, the Parties informed the Commission that their respective boards, which ultimately decide the price they pay to their farmer members for raw milk, are primarily comprised of elected farmer members. Therefore, the Merged Entity will not be completely separate from its farmer members which supply raw milk to the Merged Entity. Therefore, the Commission considers that the Merged Entity will not have the incentive to decrease the price paid to its farmer members for raw milk following implementation of the Proposed Transaction.
41. In light of the remaining Co-Ops that will continue to exert a competitive constraint on the Merged Entity and the incentives of the Merged Entity following the implementation of the Proposed Transaction, the Commission has not identified potential competition concerns with respect to the procurement of raw milk in Tipperary. Therefore, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the procurement of raw milk in Tipperary.

The production and supply of bulk dairy products in the EEA

42. As noted above, the Commission has previously stated that bulk dairy products, such as milk powder and butter are commodities and generally traded on the international market. This export-focused production and supply of dairy products is reflected in the Parties' commercial focus, with most (over 90%) of the Parties' bulk dairy products being exported abroad.
43. The Commission notes that, like many Co-Ops, most of the bulk dairy products produced by the Parties²⁵ are for export to the EEA and other international markets. The Commission has not identified potential competition concerns with respect to the

²⁴ Paragraph 4.38.

²⁵ For example, butter, cream, cheese and milk.



supply of bulk dairy products in the EEA. However, for completeness, the Commission has also considered the supply of bulk dairy products in the State.

44. The Commission was unable to obtain or calculate robust share estimates in respect of the supply of bulk dairy products in the State. In light of this, the Commission has used estimated shares in the procurement of raw milk in the State as a proxy for the supply of bulk dairy products in the State. Most of the dairy products produced in the State are derived from milk, and consequently, the Commission considers that, in this case, the estimated shares in the procurement of raw milk in the State are an appropriate proxy.
45. Table 2 outlines the estimated shares of the Parties and other Co-Ops in the procurement of raw milk in the State in 2024 (January to October).

Table 2: Market Shares for the Procurement of Raw Milk

Purchaser	National Market Share
Arrabawn	[5-10]%
Tipperary	[0-5]%
Combined	[5-10]%
Tirlán	[30-35]%
Lakeland Dairies Co-Operative Society Limited ("Lakeland")	[10-15]%
Dairygold	[15-20]%
Kerry Co-Operative Creameries	[10-15]%
Carbery Food Ingredients	[5-10]%
Aurivo	[0-5]%
North Cork Co-Op	[0-5]%
Centenary	[0-5]%
Lee Strand	[0-5]%



Mullinahone	[0-5]%
Strathroy	[0-5]%
Total	100%

Source: the Parties and third parties

46. As shown in Table 2, the Merged Entity would have a combined [5-10]% share in the procurement of raw milk in the State following the implementation of the Proposed Transaction, a [0-5]% increase on Arrabawn's pre-merger share. The Commission notes that there are a number of larger Co-Ops that will continue to procure raw milk (and therefore, produce and supply bulk dairy products) in the State, such as Tirlán ([30-35]% share), Dairygold ([15-20]% share) and Lakeland ([10-15]% share). These remaining Co-Ops will exert a significant competitive constraint on the Merged Entity following the implementation of the Proposed Transaction.
47. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the supply of bulk dairy products in the State. Furthermore, the Commission notes that the production and supply of bulk dairy products in the State forms a small part of overall bulk dairy product production and supply in the EEA. Therefore, the Commission has also not identified any competition concerns at an EEA level.

The supply of animal feed within Munster

48. Both Parties supply animal feed in Munster. Table 3 outlines the estimated shares in the supply of animal feed by Co-Ops in Munster in 2024 (January to October).

Table 3: Supply of animal feed in Munster (January to October 2024)

Co-Op	Estimated Market Share (by tonnes sold)
Arrabawn	[15-20]%
Tipperary	[0-5]%
Combined	[15-20]%
Tirlán	[15-20]%
Lakeland	[0-5]%
Dairygold	[30-35]%
Kerry Co-Operative Creameries	[20-25]%
Aurivo	[0-5]%
North Cork Co-Op	[5-10]%
Centenary	[5-10]%
Mullinahone	[0-5]%
TOTAL	100%

Source: the Parties and third parties

49. As shown in Table 3, the Merged Entity would have a [15-20]% share in the supply of animal feed in Munster following the implementation of the Proposed Transaction, a [0-5]% increase on Arrabawn's pre-merger share.
50. The Commission considers that remaining suppliers will exert a competitive constraint on the Merged Entity in the supply of animal feed in Munster following the

implementation of the Proposed Transaction. Such suppliers include Dairygold ([30-35]% share), Kerry Co-Operative Creameries ([20-25]% share) and Tirlán ([15-20]% share).

51. The estimated market shares shown in Table 3 above are based on information received from Co-Ops active in the supply of animal feed in Munster. The Commission notes that there are a range of other animal feed suppliers that are not Co-Ops which are active in Munster, such as J Grennan and Sons Limited,²⁶ Roches Feeds²⁷ and Liffey Mills Limited (“Liffey Mills”).²⁸ Therefore, Table 3 likely overstates the Parties’ combined share in the supply of animal feed in Munster.
52. In light of the above, the Commission has not identified potential competition concerns in the supply of animal feed in Munster. Therefore, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the supply of animal feed in Munster.
53. For completeness, the Commission also considered the supply of animal feed within Co. Tipperary, the county in which Tipperary focuses its animal feed sales, and in which the Target Stores are located. Table 4 outlines the estimated shares in the supply of animal feed by the Parties and other Co-Ops in Co. Tipperary in January to October 2024.

Table 4: The supply of animal feed in Co. Tipperary (January to October 2024)

Supplier	Tipperary Market Share (by tonnes sold)
Arrabawn	[5-10]%
Tipperary	[5-10]%
Combined	[15-20]%
Tirlán	[30-35]%

²⁶ J Grennan & Sons Limited have a nationwide wholesale distribution network, website available at: <https://grennans.ie/company-profile/>.

²⁷ Roches Feeds is located at the Dock Road, Limerick, Co. Limerick; with a sales team covering Munster, Connacht and Leinster, website available at: <https://www.rochesfeeds.com/about>.

²⁸ Liffey Mills has its main mill in Roscrea, Co. Tipperary with other plants in Nenagh, Co. Tipperary and Banagher Co. Offaly, website available at: <https://www.liffeymills.ie/about/>.

Lakeland	[0-5]%
Dairygold	[15-20]%
Aurivo	[0-5]%
Centenary	[30-35]%
Mullinahone	[0-5]%
Total	100%

Source: the Parties and third parties

54. As shown in Table 4, the Merged Entity would have a [15-20]% share in the supply of animal feed in Co. Tipperary following the implementation of the Proposed Transaction, a [5-10]% increase on Tipperary's pre-merger share.
55. The Commission considers that remaining suppliers will exert a competitive constraint on the Merged Entity following the implementation of the Proposed Transaction, including Centenary ([30-35]% share), Tirlán ([30-35]% share) and Dairygold ([15-20]% share).
56. The estimated market shares shown in Table 4 are based on information received from Co-Ops active in the supply of animal feed in Tipperary. The Commission notes that there are a range of other animal feed suppliers that are not Co-Ops that are active in Tipperary, such as J Grennan and Sons,²⁹ Roches Feeds,³⁰ and Liffey Mills.³¹ Therefore, Table 4 likely overstates the Parties' combined share in the supply of animal feed in Co. Tipperary.
57. In light of the above, the Commission has not identified any potential competition concerns in the supply of animal feed in Co. Tipperary. Therefore, the Commission

²⁹ J Grennan & Sons Limited have a nationwide wholesale distribution network, website available at: <https://grennans.ie/company-profile/>.

³⁰ Roches Feeds is located at the Dock Road, Limerick, Co. Limerick; with a sales team covering Munster, Connacht and Leinster, website available at: <https://www.rochesfeeds.com/about>.

³¹ Liffey Mills has its main mill in Roscrea, Co. Tipperary with other plants in Nenagh, Co. Tipperary and Banagher Co. Offaly, website available at: <https://www.liffeymills.ie/about/>.



considers that the Proposed Transaction does not raise any horizontal competition concerns in the supply of animal feed in Co. Tipperary.

The retail supply of agricultural inputs within 100km of the Target Stores

58. Arrabawn sells agricultural inputs via its 12 agricultural retail stores in the State, as well as online. Tipperary owns and operates the Target Stores which are located in Co. Tipperary and from which it sells agricultural inputs. Tipperary does not operate an online store. Table 5 below lists the 3 Target Stores, and the closest third-party retail store to each Target Store, as well as the nearest Arrabawn retail store.

Table 5: The Target Stores

Target Store	Closest third-party Store	Distance from Target Store	Other third-party stores closer to the Target Store than Arrabawn	Distance from Target Store	Closest Arrabawn Store
Borrisoleigh	Centenary Templemore	9km	Centenary Thurles	12km	Arrabawn Reiska – 13km
Gould's Cross	Drombane Co-Op	7.5km	Centenary Thurles	14.2km	Arrabawn Reiska – 15.8km
Tipperary Town	Cleanline Farm Service	300m	Dairygold Pallas	15.2km	Arrabawn Reiska – 25.2km

Source: the Parties



59. As shown in Table 5, for each of the Target Stores, there is a third-party agricultural retail store located closer to the relevant Target Store than Arrabawn.
60. The Commission notes that there are several third-party agricultural retail stores located closer to the Target Stores than Arrabawn's stores. Examples of such stores include Centenary Thurles (12km away from Tipperary Borrisoleigh), Centenary Thurles and Centenary Littleton (distance to Tipperary Gould's Cross, 14.2km and 15.5km), and Dairygold Pallas (distance to Tipperary, Tipperary Town 15.2km).
61. The Parties provided a list showing the third parties that operate agricultural retail stores (from which agricultural inputs are supplied) within a 100km radius of at least one of the Target Stores. These suppliers shown in Table 6 below.

Table 6: Agricultural retail stores within 100km radius of the Target Stores

Suppliers	Number of stores
Arrabawn	12
Tirlán	24
Dairygold	23
Kerry	17
Centenary	8
Liffey Mills	4
North Cork Creameries	3
John Grennan & Sons	2
John Dalton & Sons	2
McDonnell Bros	4
Boherbue Co-Op	1
Callan Co-Op	1
Other independent stores	12
Total	113

Source: the Parties



62. As can be seen from Table 6 above, there are a significant number of third-party agricultural retail stores within 100km of the Target Stores.
63. In light of the above, the Commission considers that the Proposed Transaction does not give rise to any potential horizontal competition concerns in the retail supply of agricultural inputs in Munster.

Conclusion on horizontal effects

64. For the reasons outlined above, the Commission considers that the Proposed Transaction does not raise horizontal competition concerns in any potential market for goods or services in the State.

Vertical Overlap

65. As noted above, there are three vertical relationships between the Parties:

- The Parties supply raw milk to each other on an ad hoc basis;
- Arrabawn supplies buttermilk to Tipperary; and
- Arrabawn supplies animal feed to Tipperary.

66. The Commission considers each of these vertical relationships below.

The procurement of raw milk in the State

67. As noted above, the Parties supply raw milk to each other (and other Co-Ops) on an ad-hoc basis. The Commission notes that the Parties supply a relatively small amount of milk to each other. For example:

- **Tipperary sales to Arrabawn:** Tipperary supplies a minimal amount of raw milk to Arrabawn, amounting to less than 0.5% of the raw milk purchased by Arrabawn between January 2024 and October 2024.
- **Arrabawn sales to Tipperary:** Arrabawn supplies a minimal amount of raw milk to Tipperary, amounting to approximately 2% of the raw milk purchased by Tipperary between January 2024 and October 2024.

68. The Commission notes that the Parties purchase greater volumes of raw milk from other Co-Ops than from one another. For instance, Arrabawn sells a higher volume of milk to Lakeland and Kerry than it does to Tipperary. The Commission notes that many Co-Ops supply milk to one another on an ad-hoc basis.
69. Furthermore, as outlined above, the Commission considers that the Proposed Transaction does not give rise to any horizontal competition concerns in the procurement of raw milk in Munster or Co. Tipperary. Therefore, the Commission considers that the Merged Entity will not have the ability to lower the price it pays for raw milk following the Proposed Transaction.
70. In light of the above, the Commission considers that the Proposed Transaction does not give rise to vertical competition concerns in the procurement of raw milk in the State.

The production and supply of bulk dairy products in the State

71. As noted above, Arrabawn produces buttermilk and sells it to Tipperary. The Parties note that Arrabawn does not have the production facilities to produce any buttermilk-derived bulk dairy products. Tipperary purchases buttermilk from a range of Co-Ops in addition to purchasing from Arrabawn. Buttermilk supplied by Arrabawn amounted to approximately 10% of Tipperary's buttermilk purchases during 2024.³² Therefore, the Commission notes that Arrabawn supplies a relatively small amount of Tipperary's buttermilk.
72. Furthermore, as noted above, the Commission considers that the Proposed Transaction does not give rise to any horizontal competition concerns in the production and supply of bulk dairy products in the EEA or the State. Therefore, the Commission considers that the Merged Entity will continue to be constrained by other suppliers in the production and supply of bulk dairy products in the EEA and the State following the implementation of the Proposed Transaction.

³² Arrabawn RFI response to question 15.

73. In light of this, the Commission considers that the Proposed Transaction does not give rise to vertical competition concerns in the production and supply of bulk dairy products in the State.

The supply of animal feed in Munster

74. Tipperary does not produce its own animal feed but rather sources its animal feed from six different suppliers, including Arrabawn.
75. The Commission notes that Arrabawn supplies a minimal amount of animal feed to Tipperary, amounting to approximately 5.74% of the animal feed purchased by Tipperary in the State between January 2024 and October 2024.³³³⁴
76. Furthermore, as outlined above, the Commission considers that the Proposed Transaction does not give rise to horizontal competition concerns in the supply of animal feed in Munster. Therefore, the Commission considers that the Merged Entity will continue to be constrained by other suppliers in the supply of animal feed in Munster following the implementation of the Proposed Transaction.
77. In light of this, the Commission considers that the Proposed Transaction does not give rise to vertical competition concerns in the supply of animal feed in Munster.

Conclusion on vertical relationship

78. Therefore, the Commission considers that the Proposed Transaction does not raise vertical competition concerns in the State.

Conclusion of Competitive Analysis

79. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

80. No ancillary restraints were notified to the Commission.

³³ Tipperary RFI response to question 14(b).

³⁴ Arrabawn RFI response to question 16(b).

Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed transaction, whereby Arrabawn Co-Operative Society Limited would merge with Tipperary Co-Operative Creamery Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the merger may be put into effect.

For the Competition and Consumer Protection Commission.

Úna Butler

Member

Competition and Consumer Protection Commission