

ACCC Approves Lactalis' acquisition of Fonterra Businesses

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The ACCC will not oppose Lactalis BSA S.A.S. (Lactalis)'s proposed acquisition of Fonterra Co-Operative Group (Fonterra)'s consumer, dairy ingredients and food service businesses.

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"We looked very closely at the transaction as it will combine two of the largest buyers of raw milk in Victoria and lead to some further consolidation in Tasmania," ACCC Deputy Chair Mick Keogh said.

"While we acknowledge the concerns raised by some representative bodies, after careful consideration, we have determined that the acquisition is unlikely to result in a substantial lessening of competition."

The ACCC found that across Gippsland, the Murray, and Western Victoria, alternative buyers of raw milk would continue to constrain Lactalis if the acquisition were to proceed.

"We found that while the industry in Tasmania is already concentrated, Lactalis has a limited presence and the acquisition would not substantially alter the market dynamics. If the acquisition proceeded, Lactalis would continue to be constrained by Saputo and, to a lesser extent, Mondelez," Keogh said.

"Because Fonterra and Lactalis have differing end product mixes, they often seek to acquire milk from farmers with different production profiles. Accordingly, we found that they are not likely to be each other's closest competitors. This was reflected by analysis, which showed very few farmers switched between the two processors."

The ACCC also concluded that the transaction was unlikely to substantially lessen competition in the wholesale supply of dairy products such as drinking milk, cream, cheese, chilled yellow spreads and dairy ingredients like milk powder.