



Determination of the Competition Authority

Determination No. M/03/021 of the Competition Authority, dated 17th July 2003, under Section 21 of the Competition Act, 2002

Notification No. M/03/021 – Acquisition by Lakeland Dairies Co-operative Society Limited of L.E. Pritchitt & Company Limited

Introduction

1. On 20th June 2003 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Lakeland Dairies Co-operative Society Limited (“Lakeland Dairies”) would acquire the entire issued share capital of L.E. Pritchitt & Company Limited (“Pritchitts”).

The Parties

2. Lakeland Dairies is Ireland’s fourth largest dairy co-operative with registered offices at Killeshandra, County Cavan. Its three business units comprise food services, butter & milk powders, and agri-trading. Its food services division produces such products as Ultra High Temperature (“UHT”) milk, mini-pots (one-pack coffee whiteners usually containing UHT milk) and ice-cream. Its butter & milk powders division produces a range of butter and milk powders. The activities of the agri-trading division include the production of animal foodstuffs.
3. Pritchitts is a UK based business which operates a dairy processing facility in Northern Ireland. It produces a range of UHT products, mini-pots, dairy and non-dairy creams and milk powders.

Analysis

4. There is some overlap in the products produced by the parties, namely mini-pots, milk powders and long-life ice-cream and milk shake mixes. These products are produced mainly for export, and market investigations have indicated that the geographic market is worldwide, or at least European wide.
5. The parties’ estimated combined share of the manufacture and supply of minipots in the Republic of Ireland is [10–15]%. As there are a number of strong European competitors active in the manufacture of minipots, the proposed acquisition does not give rise to concern.
6. The parties’ estimated combined share of the manufacture and supply of milk powders in the Republic of Ireland is [10-15]%. As well as strong European competitors, a number of large Irish competitors are active in the manufacture of milk powders. Therefore the proposed acquisition does not give rise to any concern.
7. With regard to ice-cream and milk shake mixes, the parties estimated combined market share in the Republic of Ireland is less than [0-5]%.



Determination of the Competition Authority

8. For both parties, the main ingredient in their products is raw milk. With regard to the acquisition of raw milk, of the parties only Lakeland Dairies obtains milk supplies from the Republic of Ireland, which amounts to around [60-65]% of its requirements. Lakeland Dairies' share of the acquisition of raw milk in Northern Ireland is estimated at [15-20]%, and in the Republic of Ireland is estimated at [10-15]%. Pritchitts' share of the acquisition of raw milk in Northern Ireland is estimated at [5-10]%. Market enquiries have shown that there is considerable demand for raw milk from other sources. Therefore the proposed transaction will not give rise to a substantial impact on competition in relation to the upstream business of the purchase of raw milk.

Determination

9. 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 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

Terry Calvani
Member of the Competition Authority

17th July 2003