



## **DETERMINATION OF MERGER NOTIFICATION M/11/006 -**

### **Cargill/ Nedalco**

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#### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by Cargill Incorporated Certain Assets of Koninklijke Nedalco B.V., Nedalco Specialties B.V. and Nedalco Alcohol GmbH and Co KG.**

**Dated 23 March 2011**

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#### **Introduction**

1. On 25 February 2011, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Cargill Incorporated ("Cargill") would acquire certain assets (collectively, the "Target Assets") currently owned by Koninklijke Nedalco B.V., Nedalco Specialties B.V., and Nedalco Alcohol GmbH and Co KG (together "Nedalco").
2. Following completion of the proposed transaction, the Target Assets that are located in the Netherlands will be held by Cargill's wholly-owned Dutch subsidiary, Cargill B.V. The portion of the Target Assets located in the UK will be held by Cargill's wholly-owned United Kingdom ("UK") subsidiary, Cargill plc. The portion of Target Assets located in Germany will be held by Cargill's wholly-owned German subsidiary, Cargill Deutschland GmbH. No Target Assets will be acquired in the State.

#### **The Undertakings Involved**

##### *Cargill*

3. Cargill is a large international privately owned company, headquartered in Minneapolis, U.S.A. operating in 66 countries. Cargill is involved in a wide variety of sectors. These include (i) food and agriculture, e.g., food products for human consumption and animal nutrition); (ii) finance, e.g., risk management, investment, and financial services; and (iii) industrial products and services, e.g., chemicals, construction materials, industrial lubricants. Cargill's customers include farmers, food companies, manufacturers, energy producers and financial service providers.<sup>1</sup>
4. Cargill has two wholly-owned subsidiaries in the State. Cargill Integra, located in Castleblaney, County Monaghan, is active in chicken and processed poultry products. Another wholly-owned subsidiary LaCrosse Global Fund Services ("LaCrosse"), located in Dublin, provides financial support services and fund administration services to fund managers.

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<sup>1</sup> For more information on Cargill see < <http://www.cargill.com/>>.

5. In addition, Cargill makes sales to customers in the State, from the UK, Europe and the rest of the world, of food ingredients (e.g., glucose, flavours, oils, chocolate) and grains and oilseeds.
6. For the year ended 31 May 2010 Cargill's worldwide turnover was approximately €77 billion,<sup>2</sup> of which approximately €[...] million was generated by sales in the State.

#### *Nedalco*

7. Nedalco, a subsidiary of the Dutch farmers' cooperative, Koninklijke Cooperatie Cosun U.A. ("KCC"), is a leading European producer of natural ethanol (ethyl alcohol). Nedalco is primarily active in the production of potable alcohol, for use primarily in the production of food and beverages and also in pharmaceuticals and cosmetics.<sup>3</sup>
8. Nedalco has no presence in the State. Nedalco's turnover in the State is generated mostly from sales to customers in the State derived from Nedalco's UK operations.

#### *Target Assets to be acquired*

9. The UK and Dutch businesses of Nedalco produce potable alcohol, which is mainly sold to producers of alcoholic beverages. Also, part of the alcohol produced in Sas van Gent, the Netherlands is supplied to Nedalco's plant in Heilbronn, Germany where it is refined to an industrial grade alcohol which is used in the pharmaceutical and cosmetics sector.
10. The Target Assets are the Nedalco head office in Bergen op Zoom, Netherlands and the Nedalco plants in Manchester, UK; Sas van Gent, the Netherlands; and Heilbronn, Germany.
11. The parties submit that for the year ended 31 December 2009 the Target Assets' worldwide turnover was approximately €[...] million, of which approximately €[...] million was generated in the State.

#### **Third Party Submissions**

12. No submissions were received.

#### **Rationale for Proposed Transaction**

13. The parties submit that Cargill wishes to enter a high value market, namely alcohol production, complementary to the food, non-food and feed sectors in which it is already active. KCC wishes to divest its alcohol operations and associated assets as they no longer form part of its core strategic focus.<sup>4</sup>

#### **Analysis**

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<sup>2</sup> Average ECB exchange rate for the period 1 June 2009 to 31 May 2010 of €1 = US\$1.4065.

<sup>3</sup> For further information on Nedalco see < <http://www.nedalco.nl/>>.

<sup>4</sup> For further information on the parties' rationale for the transaction see < <http://www.nedalco.nl/News/general-news/31-Cargill+intends+acquiring+Nedalco>>.

14. There is no horizontal overlap between the operations of the merging parties in the State. Cargill does not supply potable alcohol in the State and Nedalco does not supply poultry products or financial services within the State.
15. The proposed transaction does not raise any vertical issues within the State.
16. In light of the above, the Authority considers that the proposed transaction will not raise competition concerns in any market for goods or services in the State.

**Ancillary Restraints**

17. As part of the proposed transaction the vendors have entered into non-compete and non-solicitation covenants, to apply for a duration of two years. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

## **DETERMINATION**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed transaction whereby Cargill Incorporated would acquire certain assets currently owned by Koninklijke Nedalco B.V., Nedalco Specialties B.V., and Nedalco Alcohol GmbH and Co KG, will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

### **For the Competition Authority**

Gerald FitzGerald  
Member of the Competition Authority  
Director, Mergers Division