



EUROPEAN COMMISSION
DG Competition

Case M.10876 - BSA (LACTALIS) / AMBROSI

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 31/05/2023

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EUROPEAN COMMISSION

Brussels, 31.5.2023
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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

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**Subject: Case M.10876 – BSA (LACTALIS) / AMBROSI
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹ and Article 57 of the Agreement on the European Economic
Area²**

Dear Sir or Madam,

- (1) On 19 April 2023, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation.³
- (2) This notification concerns the following undertakings:
 - (a) BSA S.A.S.⁴ ('Lactalis', France),
 - (b) Ambrosi S.p.A. Industria Casearia ('Ambrosi', Italy) (together, the 'Parties').
- (3) Lactalis will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Ambrosi. Lactalis is referred to as 'the Notifying Party'.

¹ OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this Decision.

² OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

³ Publication in the Official Journal of the European Union No C 145, 27.4.2023, p. 27.

⁴ BSA is the parent company of the Lactalis group, and its shareholders are the members of the Besnier family.

- (4) The concentration is accomplished by way of purchase of shares.

1. THE PARTIES

- (5) Lactalis is a French group active in the production and supply of dairy products, in particular cheeses, milk for consumption, butter, industrial dairy products and cream, through brands such as Président, Galbani, Société, Lactel, Bridel and Parmalat, as well as under private labels. In certain countries, such as Denmark, Lactalis also provides distribution services for competitors that do not have a distribution network in the area.

- (6) Ambrosi is an Italian company whose core business is to purchase Parmigiano Reggiano and Grana Padano wheels produced by third-party producers, further age them and sell them to customers. To a limited extent, Ambrosi produces Italian cheeses itself and sells butter manufactured by third parties. Ambrosi sells the products under its own brands and under private labels. Ambrosi also distributes competitors' cheese products outside of Italy, especially in France where it has its own distribution network.

2. THE OPERATION

- (7) On 14 July 2022 Lactalis concluded, through an indirectly wholly-owned subsidiary, Gruppo Lactalis Italia S.r.l. ('GLI'), with Ambrosi a sale and purchase agreement ('SPA'), pursuant to which GLI will acquire 100% of the shares of Ambrosi.

- (8) After the concentration, Lactalis will indirectly own and have sole control over Ambrosi. The transaction therefore consists in a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (9) The combined worldwide turnover of Lactalis and Ambrosi exceeds EUR 5 billion (Lactalis: EUR [...] billion; Ambrosi: EUR [...] million).⁵ The EU-wide turnover of each of Lactalis and Ambrosi exceeds EUR 250 million (Lactalis: EUR [...] billion; Ambrosi: EUR [...] million), and Lactalis and Ambrosi do not each achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

- (10) The concentration therefore has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

4. INDUSTRY BACKGROUND

- (11) Both Lactalis and Ambrosi are active in the production and supply of dairy products, primarily Italian cheeses.

- (12) At the production level, Italian manufacturers of cheese can sell their cheeses directly to modern retail customers, such as supermarkets, or to so-called traditional retail customers, such as specialized cheese shops. In addition, cheese

⁵ Turnover calculated in accordance with Article 5 of the Merger Regulation.

manufacturers can sell their cheeses directly to customers in the Out-of-Home ('OOH') channel, which are both customers in the Ho.Re.Ca segment and industrial customers that process the cheeses further in the production of other food products. Alternatively to selling their cheeses directly to retail and OOH customers in various EEA countries and outside the EEA, many Italian manufacturers of cheese choose to sell their cheeses instead to third-party suppliers of cheeses which take care of various tasks in the supply of these cheeses to the retail and OOH channels in various geographies. This may include the packaging and branding of these cheeses, as well as negotiating distribution agreements with customers and third-party distributors. In addition, such third-party suppliers of cheeses also maintain customer relationships with retailers and other customers, as well as being involved in customer acquisition.

- (13) A number of Italian cheeses, such as Parmigiano Reggiano and Grana Padano, are protected by a geographical indication label, namely Protected Designation of Origin ('PDO'). PDO cheeses are typically produced, processed and packaged in accordance with production specifications within a specific geographical area. PDO labels are monitored and awarded by dedicated consortia, which are voluntary non-profit associations that regroup operators involved in the production of a given PDO cheese. Consortia do not produce or sell cheese themselves, but protect the designation of origin of PDO cheese, monitor the production and marketing of PDO cheese, promote the PDO, the trademarks, the consumption, image and reputation of PDO cheese and ensure the application of the production rules for PDO cheese. To this end, consortia dictate the rules that consortia members need to comply with when producing the cheese or when using the PDO trademarks and other consortia's distinctive signs. Consortia closely monitor compliance with their rules, checking their members' manufacturing process across the entire production chain.
- (14) Only members of the PDO consortia are entitled to produce PDO Italian-type hard cheeses.⁶ All similar or even comparable cheeses produced by non-members cannot bear the PDO label or the names "Parmigiano Reggiano", "Grana Padano" and of other PDO Italian-type hard cheeses.
- (15) Contrary to non-PDO cheeses, PDO Italian-type hard cheeses are subject to production quotas limiting their annual output. In the case of Parmigiano Reggiano, the PDO Parmigiano Reggiano Consortium assigns a quota of "milk contributions" (i.e., the quota of total milk production) to PDO milk farmers based on which the quantity of PDO milk which each PDO Parmigiano Reggiano producer is entitled to purchase is calculated. This calculation corresponds to a certain number of wheels that each PDO Parmigiano Reggiano producer is entitled to produce.⁷ Each year, quotas of each member are subject to adjustments to reflect the market trends and the operations of each member. With regard to Grana Padano, each member of the PDO Grana Padano Consortium is assigned a quota by number of wheels that each member is entitled to produce per year.⁸ Each year, the overall quota is subject to slight adjustments, mostly to reflect the possible increase in exports.

⁶ Annexes 6.2, 6.6 and 6.10 to the Form CO (specification rules for PDO Parmigiano Reggiano, PDO Grana Padano, and PDO Pecorino Romano respectively)

⁷ In 2021 the total number of wheels that members of the PDO Parmigiano Reggiano Consortium were entitled to produce was 4.091 million.

⁸ In 2021, the total number of wheels that all members of the PDO Grana Padano Consortium were entitled to manufacture was 5,234 million.

- (16) The Parties' activities at the production level (particularly Ambrosi's activities) are relatively limited. While Lactalis and Ambrosi both manufacture PDO Parmigiano Reggiano and PDO Grana Padano, the Parties' combined sales of PDO Parmigiano Reggiano and PDO Grana Padano (including sales of third-party produced cheese that is resold by the Parties) represent less than [10-20]% and [5-10]% respectively of the overall production of these two cheeses.⁹ In other words, approximately [90-100]% of all PDO Parmigiano Reggiano and Grana Padano produced is both manufactured and supplied by the Parties' competitors. The large majority of these cheeses is therefore produced by a range of both small and large third-party manufacturers, including Agriform, Caseificio Frizza, Caseificio Gardalatte, Fattoria Cremona, Giovanni Ferrari, Galli S.r.l., Granarolo, Latteria La Grande, Margi S.r.l., Saviola and Zanetti.¹⁰
- (17) In addition to PDO Parmigiano Reggiano and PDO Grana Padano, Ambrosi only manufactures small quantities of dry cow mozzarella and paste filate¹¹, whereas Lactalis also manufactures significant quantities of other types of cheeses including gorgonzola, buffalo mozzarella and mascarpone.¹² However, even for these other types of cheeses, the volume manufactured by Lactalis only represents a relatively small share of the total market and a significant number of both small and large third-party manufacturers exist that also manufacture these cheeses. In particular, the Notifying Party estimates that Lactalis' production share in 2022 in Italy was below 30% for cow mozzarella and paste filate, below 20% for mascarpone, ricotta and gorgonzola, and below 10% for buffalo mozzarella and taleggio.¹³
- (18) In addition to manufacturing and supplying their own-produced cheeses to retail and OOH customers across the EEA, the Parties are also active in the supply of third-party produced cheeses. In this case, the Parties mainly act as a reseller of the cheeses manufactured and processed by third parties. As noted above, Ambrosi relies entirely on third-party products for all cheeses where the Parties overlap, except for PDO Parmigiano Reggiano and PDO Grana Padano and limited quantities of dry cow mozzarella and paste filate.
- (19) In addition, Ambrosi does not have its own distribution infrastructure anywhere in the EEA outside of Italy, except in France.¹⁴ In EEA countries other than France and Italy, Ambrosi therefore relies on third parties that distribute its cheeses to retail and OOH customers. It is important to keep in mind that these third-party distributors can provide a distribution network to rival cheese suppliers seeking to enter those countries' markets for the supply of certain cheese types.
- (20) While the quantities of each cheese that the Parties' produce and distribute is, as described, relatively limited compared to the overall production and supply volumes of these cheeses, the quantities of cheese supplied by the Parties to each country varies (as do the Parties' market shares across countries). In this regard, larger countries with high demand for Italian cheeses, such as Italy and France,

⁹ Form CO, paragraph 11.

¹⁰ Questionnaire for competitors, C.A.2.

¹¹ Notifying Party's response to RFI 9. According to the Notifying Party's estimate, Ambrosi produces less than [0-5]% of the total paste filate and dry cow mozzarella, respectively, that is annually produced in Italy.

¹² Form CO, Table 1.

¹³ Notifying Party's response to RFI 9.

¹⁴ Form CO, paragraph 54.

absorb a larger proportion of the overall production of these cheese products, whereas smaller countries with smaller demand for Italian cheeses, such as Denmark or Belgium, absorb a smaller proportion of the overall production of these cheese products.

- (21) However, as will become clearer in Section 6, in these smaller countries, even relatively small volumes of cheese supplied can result in substantial market shares. In many cases, these high market shares merely reflect a small number of contracts with retail customers in these countries, and a very limited proportion of the overall production of these cheeses available in the EEA, and are therefore not necessarily indicative of significant market power.
- (22) Finally, in terms of barriers to entry and expansion into new countries, these tend to be the same across cheese types and sales channel as the requirements in terms of transport logistics and warehouses tend to be the same across these categories.

5. MARKET DEFINITION

- (23) As outlined in Section 4, Lactalis and Ambrosi are both active in the production and supply of dairy products.
- (24) More specifically, the Parties' activities overlap and give rise to horizontally affected markets in the supply of Italian-type hard cheeses, mainly Parmigiano Reggiano and Grana Padano; semi-hard cheeses (e.g., paste filate); fresh cheeses (e.g., mozzarella, mascarpone, ricotta), soft cheeses (e.g., gorgonzola, taleggio); and butter in Austria, Belgium, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden.

5.1. Product market definition

5.1.1. Supply of cheese

- (25) In past cases, the Commission has envisaged separate cheese supply markets by categories of products: (i) fresh cheeses (e.g. mozzarella, ricotta, mascarpone and robiola), (ii) hard cheeses (e.g. Parmigiano Reggiano, Grana Padano and pecorino), (iii) semi-hard cheeses (e.g. asiago, fontina, paste filate and provolone), (iv) soft cheeses (e.g. crescenza, taleggio, gorgonzola and brie)¹⁵ as well as (v) hard/semi-hard cheeses (e.g. Dutch-type cheese, emmenthal, tilsit, cheddar, manchego and danbo).¹⁶ The Commission also considered whether each category of cheese market could be further segmented by type of cheese due to consumers' preferences or the unique characteristics of products.¹⁷
- (26) The Commission has also considered whether the markets for the supply of cheese should be further segmented on the basis of the type of milk used for the production (e.g. cow, buffalo),¹⁸ as well as on the basis of sales channel, namely (i) the modern retail channel (supermarkets, hypermarkets, etc.); (ii) the traditional

¹⁵ See e.g. M.4135 Lactalis / Galbani, paragraph 9; M.6242 Lactalis / Permalat, paragraph 53; M.7232 Charterhouse / Nuova Castelli, paragraphs 12-14.

¹⁶ M.5046 Friesland Foods / Campina, paragraphs 500-504.

¹⁷ See e.g. M.9413 Lactalis / Nuova Castelli, paragraphs 31-77.

¹⁸ See e.g. M.4135 Lactalis / Galbani, paragraph 13; M.9413 Lactalis / Nuova Castelli, paragraphs 34-38.

retail channel (traditional cheese shops, market cheese shops and independent neighbourhood stores, excluding stores affiliated with a national brand);¹⁹ and (iii) the OOH.²⁰ In addition, the Commission has considered if the markets for the supply of cheese should be further segmented between cheese with a protected designation of origin ('PDO') and cheese without such a protected designation,²¹ as well as between branded cheese (products bearing the brand of the manufacturer) and private label cheese (products bearing the brand of the retailer).²²

- (27) The distinction between private label and branded products is relevant only in the retail sales channels, where the products may bear the brand and packaging of the retailer (which is referred to as private label). In the OOH channel, the distinction between branded and private label products is not relevant and therefore the Commission has not assessed a further segmentation of products sold into the OOH channel into branded and private label.

5.1.1.1. Supply of hard cheese

- (28) Both Parties are active in the supply of different Italian-type hard cheeses, with and without PDO label (i.e. PDO Parmigiano Reggiano, PDO Grana Padano, PDO Pecorino Romano, non-PDO Italian-type hard cheese) to retailers, as well as OOH customers in a number of countries.²³ The main Italian-type hard cheeses that the Parties sell, namely Grana Padano, Parmigiano Reggiano and Pecorino Romano, are PDO cheeses whose production follows the rules established by the relevant consortia.²⁴ Cheese not fulfilling the respective PDO requirements may not bear the names Grana Padano, Parmigiano Reggiano and Pecorino Romano, or the corresponding PDO labels in the EEA. These activities include both the distribution of the Parties' own products (whether fully produced by them or just aged) and, to a limited extent, the distribution of third-party cheese products purchased by the Parties and resold without further processing.²⁵ Both Parties sell branded and private label hard-cheese products in Italy and abroad.

5.1.1.1.1. The Commission's past practice

- (29) In previous decisions, the Commission has considered that the category of Italian-type hard cheese includes in particular the PDO cheeses Grana Padano, Parmigiano Reggiano, Pecorino Romano and Pecorino Sardo.²⁶ In case M.9413 the

¹⁹ The traditional sales channel includes traditional cheese shops, market cheese shops and independent neighbourhood stores, excluding stores affiliated with a national brand.

²⁰ Commission Decisions in Cases M.7573 – DMK / DOC KAAS, para. 58; M.4590– Rewe / Delvita, para. 12; M.5112– Rewe Plus / Discount, para. 17; M.5047– Rewe / ADEG, para. 24; M.6722 – FrieslandCampina / Zijerveld, paras. 49-54.

²¹ See e.g. M.4135 Lactalis / Galbani, paragraphs 14-15; M.9413 Lactalis / Nuova Castelli, paragraphs 71-76.

²² M.9413 Lactalis/Nuova Castelli, paragraph 96.

²³ The Parties also have negligible direct sales to consumers: Lactalis' sales of this kind amounted to only EUR [...] in 2021 (i.e., less than [0-5]% of its total EEA revenues), whereas Ambrosi's direct sales amounted to only EUR [...] (i.e., less than [0-5]% of its total EEA revenues). Given the limited amounts of direct sales by the Parties, the Commission will not analyse further the Parties' activities in the retail distribution of cheese.

²⁴ Consorzio del Formaggio Parmigiano Reggiano ("the Parmigiano Reggiano Consortium", Consorzio Tutela Grana Padano ("the Grana Padano Consortium"), Consorzio per la Tutela del Formaggio Pecorino Romano ("the Pecorino Romano Consortium")

²⁵ Form CO, paragraphs 23-43.

²⁶ M.4135 Lactalis / Galbani, paragraph 9.

Commission found, for the purpose of that decision, that the relevant product market was broader than a singular variety of an Italian-type hard cheese,²⁷ although a majority of customers indicated that they do not regard PDO Grana Padano and PDO Parmigiano Reggiano²⁸ as interchangeable with other Italian-type hard cheese alternatives.²⁹

- (30) Concerning a potential segmentation between branded and private label products, in previous decisions the Commission considered the distinction between branded and private label cheese products, and in some cases it came to the conclusion that they belong to the same, albeit differentiated market.³⁰ In case M.9413, the Commission left open the precise market definition as it did not exclude that branded products primarily compete in a different market, while noting that private label cheese products exert a constraint on branded products.³¹
- (31) With regard to a potential segmentation per sales channel, in its previous decisions, the Commission has distinguished different distribution channels for: (i) modern trade (supermarkets, hypermarkets, etc.); and (ii) OOH channel.³² In recent decisions the Commission has also found that, specifically with regard to semi-hard and hard cheeses (including Italian-type hard cheeses), a further segmentation would be possible between sales to (i) the modern retail channel; (ii) the OOH channel and (iii) the traditional stores channel.³³

5.1.1.1.2. The Notifying Party's view

- (32) The Notifying Party argues that the relevant market could be segmented by cheese category, i.e. hard cheese, fresh cheese, soft cheese; however, it submits that further segmentation by type of cheese, branding, place of origin or sales channel does not appear relevant for the supply to retailers of Italian-type hard cheeses.³⁴
- (33) On a possible segmentation by types of cheese, the Notifying Party argues that, the average non-Italian end-customer is largely unaware of the peculiarities of PDO and non-PDO Italian-type hard cheeses and would use both types of products interchangeably for the same uses (i.e., to top dishes of pasta, or as an ingredient of other dishes).³⁵ The same logic applies to Italian consumers, in the Notifying Party's view, since only very sophisticated consumers would be more aware of the differences between both types of cheeses than regular consumers.³⁶
- (34) Concerning a possible segmentation between branded and private label products, the Notifying Party argues that: (i) both types of products compete head-to-head in terms of prices; (ii) there is high demand substitutability; and (iii) branded products

²⁷ M.9413 Lactalis / Nuova Castelli, paragraph 77.

²⁸ Both Grana Padano and Parmigiano Reggiano are protected by a PDO certification.

²⁹ M.9413 Lactalis / Nuova Castelli, paragraph 75.

³⁰ Commission Decisions in Cases M.6242 – Lactalis / Parmalat, recital 26; M.5046 – Friesland Foods / Campina, recital 529; and M.4135 – Lactalis / Galbani, recital 16.

³¹ M.9413 Lactalis / Nuova Castelli, paragraph 96.

³² Commission Decisions in Cases M.7573 – DMK / DOC KAAS, para. 58; M.4590– Rewe / Delvita, para. 12; M.5112– Rewe Plus / Discount, para. 17; M.5047– Rewe / ADEG, para. 24; M.6722 – FrieslandCampina / Zijerveld, paras. 49-54.

³³ The traditional sales channel includes traditional cheese shops, market cheese shops and independent neighbourhood stores, excluding stores affiliated with a national brand.

³⁴ Form CO, paragraph 228.

³⁵ Form CO, paragraph 229.

³⁶ Form CO, paragraph 233.

have to offer significant promotions in response to competition from retailers' private label products.³⁷ Specifically with regard to Italian-type hard cheeses, the Notifying Party notes that brands carry little to no weight for PDO Parmigiano Reggiano and PDO Grana Padano since customers are already attracted by the PDO label and are lured by the well-known characteristics and high reputation of these products which must comply with the strict requirements imposed by the relevant consortia.³⁸

- (35) Regarding a potential segmentation by the designation of origin (PDO) of the cheese, the Notifying Party claims that such distinction is unwarranted since, in all EEA countries other than Italy, the vast majority of consumers buy Italian-type hard cheese to top dishes of pasta and they make no, or very little, difference between PDO and non-PDO Italian-type hard cheese.
- (36) Finally, with regard to a potential segmentation by sales channel, the Notifying Party submits that a distinction between the various distribution channels is not appropriate given that: (i) products sold in the various channels have the same ingredients and manufacturing process; (ii) there is no specific capacity quota reserved for OOH products in the Parties' plants; (iii) the contracting process for OOH products and the average duration of those contracts is the same as for the supply of products for the retail channel; (iv) overall, margins are also comparable on both segments. Notwithstanding this, the Notifying Party also submits that the specific channel in which cheese is distributed may impact its packaging. More specifically, cheese sold in the OOH channel is normally packaged in larger formats than cheese which is intended for the retail segment. For instance, Lactalis does not have a specific product range dedicated to the OOH channel but it has products the size of which is particularly suitable (or even specifically intended) for this specific channel.³⁹

5.1.1.1.3. The Commission's assessment

5.1.1.1.3.1. Type of cheese

- (37) The Parties supply a number of PDO and non-PDO Italian-type hard cheeses, in particular PDO Parmigiano Reggiano, PDO Grana Padano and PDO Pecorino Romano.⁴⁰ Notably, the bulk of Ambrosi's sales are achieved from PDO Parmigiano Reggiano and PDO Grana Padano.
- (38) The Commission considers that it is appropriate in this case to carry out the assessment at the narrowest level, i.e. at the level of: (i) PDO Parmigiano Reggiano; (ii) PDO Grana Padano; (iii) PDO Pecorino Romano; and (iv) other Italian-type hard cheeses including non-PDO cheeses.
- (39) *First*, unlike other Italian-type hard cheeses, the production of PDO Parmigiano Reggiano, PDO Grana Padano and PDO Pecorino Romano is monitored by dedicated consortia. Those consortia, while not producing or selling the cheese itself, attribute production quotas between their members and define the rules that consortia members have to observe in order to use the PDO label. These rules

³⁷ Form CO, paragraph 193.

³⁸ Form CO, paragraph 1204.

³⁹ Form CO, paragraphs 170-172.

⁴⁰ The Parties sell negligible amounts of PDO Pecorino Sardo and PDO Montasio.

typically relate to the origin of the milk used (e.g. determined by a specific geographic area), production methods and the packaging (see paragraphs (13) to (15)). As a result of those sets of rules, only cheeses complying with the requirements established by the relevant consortia will be able to bear the names “Parmigiano Reggiano”, “Grana Padano” and “Pecorino Romano”, as well as the corresponding PDO labels on the packaging and/or the product itself.⁴¹

- (40) *Second*, the market investigation indicates that, although the consumption habits of customers may be different across Member States, from the point of view of consumers, PDO Parmigiano Reggiano and PDO Grana Padano constitute “premium” products differentiated from other PDO and non-PDO hard cheeses due to their specific production process, distinct taste profile, name recognition and higher pricing.⁴²
- (41) *Third*, the majority of customers and competitors expressing their views indicated that if prices of PDO Parmigiano Reggiano or PDO Grana Padano were to increase, end-customers would not switch to other Italian-type hard cheeses, including PDO Pecorino Romano.⁴³ Distinctive factors of PDO Parmigiano Reggiano or PDO Grana Padano in comparison to other Italian-type hard cheeses include: (i) the taste and texture; (ii) the price difference, also dependent on the aging of the cheese, (iii) the type of recipes in which they are used; or (iv) their reputation, due to their quality recognised by the PDO labelling.⁴⁴
- (42) *Fourth*, from the perspective of the suppliers it is also difficult or very difficult to switch from producing other Italian-type hard cheeses to PDO Parmigiano Reggiano or PDO Grana Padano, and vice versa in the short terms. Competitors argue that it would be necessary to set up production facilities in the PDO-designated areas, that the development of specific know-how is crucial, and that PDO Grana Padano producers need to certify their facilities with the Consortium and be allocated a quota and a substantial financial investment.⁴⁵
- (43) *Fifth*, concerning a potential segmentation between PDO Parmigiano Reggiano, on the one hand, and PDO Grana Padano, on the other, while a majority of market participants sees them as substitutable, a large number of respondents do not think that most consumers in Europe would easily substitute Parmigiano Reggiano with Grana Padano (and vice versa). The majority of customers and competitors expressing their views indicated that if prices of PDO Parmigiano Reggiano were to increase, end-customers would switch to PDO Grana Padano, and vice versa.⁴⁶ However, the majority of competitors submit that it would be very difficult to switch production from PDO Parmigiano Reggiano to PDO Grana Padano, and

⁴¹ Form CO, paragraphs 247-269. Minutes of the calls with a consortium of 12 December 2022 and with a consortium of 2 December 2022; Annexes 6.2, 6.6 and 6.10 to the Form CO (specification rules for PDO Parmigiano Reggiano, PDO Grana Padano, and PDO Pecorino Romano respectively).

⁴² Minutes of the calls with a competitor on 16 January 2023, para. 5, with a competitor on 13 January 2023, paras. 10-12, with a customer on 28 November 2022, paras. 4-5, with a competitor on 9 January 2023, paras. 6-7, with a customer on 28 November 2022, para. 7, with a competitor on 4 January 2023, para. 12, with a customer on 25 November 2022, para. 5, with a customer on 29 November 2022, paras. 6-8, with a customer on 28 November 2022, para. 3 and with a customer on 3 February 2023, para. 8.

⁴³ Questionnaire for customers, question D.A.A.1, questionnaire for competitors, question D.A.A.1.

⁴⁴ Questionnaire for customers, question D.A.A.3, questionnaire for competitors, question D.A.A.3.

⁴⁵ Questionnaire for competitors, question D.A.A.4.

⁴⁶ Questionnaire for customers, question D.A.A.4, questionnaire for competitors, question D.A.A.6.

vice versa, that is, it would take longer than six months to switch production and it would be very costly.⁴⁷ The reasons for such difficulty include the required know-how to produce each of the cheeses and the fact that the areas of production of both PDO cheeses are strictly regulated and do not overlap, which would entail the setting up of new production facilities.⁴⁸

- (44) *Sixth*, feedback from the market investigation indicates that PDO Pecorino Romano is distinct from PDO Parmigiano Reggiano and PDO Grana Padano. A customer for instance commented: “*Parmigiano & Grana Padano are very specific products with a long maturing : between 9 and 20 months. Pecorino is a very young cheese with a maturing between 1 to 6 months.*”⁴⁹
- (45) In light of the above, in particular the mixed results as regards demand-side substitutability, on a conservative basis the competitive assessment will be carried out at the narrowest level, i.e. at the level of: (i) PDO Parmigiano Reggiano; (ii) PDO Grana Padano; (iii) PDO Pecorino Romano; and (iv) other Italian-type hard cheeses.⁵⁰

5.1.1.1.3.2. Private label and branded

- (46) Both Parties sell private label and branded PDO and non-PDO Italian-type hard cheeses, in particular PDO Parmigiano Reggiano, PDO Grana Padano and PDO Pecorino Romano.
- (47) The Commission considers that it is appropriate in this case to carry out the assessment of Italian-type hard cheeses without distinguishing between branded and private label products.
- (48) *First*, market participants submit that, for PDO Italian-type hard cheeses like Parmigiano Reggiano and Grana Padano, brands have limited importance due to the high value already added by the “umbrella” PDO marking.⁵¹ A majority of customers and competitors argue that the PDO label (e.g. the name “Parmigiano Reggiano” or “Grana Padano” or “Pecorino Romano”) is important or very important in the final consumers' choice in Europe when purchasing Italian-type hard cheese.⁵² According to some market participants, the PDO label is perceived as a sign of quality by consumers.⁵³ Similarly, the majority of market participants submit that the suppliers' brands (e.g. Nuova Castelli) have limited or no relevance in the consumers' choice when purchasing PDO Parmigiano Reggiano and PDO Grana Padano.⁵⁴ Notwithstanding this, some respondents note that brands may be

⁴⁷ Questionnaire for competitors, question D.A.A.9.

⁴⁸ Questionnaire for competitors, question D.A.A.10.

⁴⁹ Questionnaire for customers, question D.A.A.3.

⁵⁰ Other Italian-type hard cheeses include PDO or non-PDO cheeses such as pecorino sardo, pecorino toscano, flavored pecorino, moliterno, roccolino, and montasio, as well as mixed grated hard cheeses.

⁵¹ Minutes of the calls with a competitor on 16 January 2023, para. 6, with Granarolo on 13 January 2023, para. 13, with a customer on 28 November 2022, para. 8, with a competitor on 9 January 2023, para. 12, with a customer on 28 November 2022, para. 8, with a competitor on 4 January 2023, para. 16, with a customer on 29 November 2022, para. 9, with a customer on 2 December 2022, para. 8, and with a customer on 3 February 2023, para. 10.

⁵² Questionnaire for customers, question D.C.5, questionnaire for competitors, question D.C.5.

⁵³ Questionnaire for competitors, question D.C.6.

⁵⁴ Questionnaire for customers, question D.C.7.

more important in certain sales channels, i.e. modern trade and traditional, than in others, i.e. OOH.⁵⁵

- (49) *Second*, the majority of customers and competitors submit that, if prices for branded PDO Parmigiano Reggiano and PDO Grana Padano were to significantly (5-10%) and lastingly increase in Europe, between a significant (10-50%) or very significant (50-100%) proportion of consumers would switch to private label products of PDO Parmigiano Reggiano and PDO Grana Padano.⁵⁶
- (50) *Third*, Ambrosi's sales support the high degree of substitutability between branded and private label products due to the limited weight that brands carry with respect to PDO Italian-type hard cheeses. Namely, Ambrosi's revenues (mostly derived from the sale of Parmigiano Reggiano and Grana Padano) are split as follows: (i) only [20-30]% correspond to sales of its own brands (mostly Ambrosi and Bertozzi); (ii) approximately [30-40]% consists of sales of unbranded products (i.e. products that have no brand information on them: Parmigiano Reggiano and Grana Padano wheels mostly); and (iii) the rest correspond to sales of products sold under private labels ([20-30]%, most of which in Italy) and the distribution of third party products with their own brands ([10-20]%).⁵⁷ Similarly for Lactalis, its sales of branded PDO Italian-type hard cheeses represents [...] of its overall sales of such cheeses.⁵⁸ Fourth, with regard to other Italian-type hard cheeses, a distinction between private label and branded also does not seem appropriate in this case. For instance, a customer of the Parties notes in relation to hard cheese products that "*Substitutability between national and private labels is possible. The consumer may change between private labels and Galbani, for example.*"⁵⁹ Likewise, another hard cheese customer explains that it is important for retailers to offer both private label and branded products.⁶⁰
- (51) In light of the above, the competitive assessment of Italian-type hard cheeses will consider branded and private label products jointly, without segmentation.

5.1.1.1.3.3. Sales channel

- (52) Both Lactalis and Ambrosi sell Italian-type hard cheese to the retail channel and to the OOH.
- (53) A vast majority of responding customers and competitors consulted in the course of the market inquiry held that there is a difference in the conditions of competition, i.e. pricing, volumes of orders, content of orders, conduct of negotiations, between supermarkets (i.e. modern retail) and traditional retailers (over-the-counter stores), as well as between supermarkets and OOH customers.⁶¹

⁵⁵ Questionnaire for customers, question D.C.9; questionnaire for competitors, question D.C.10.

⁵⁶ Questionnaire for customers, question D.C.10, questionnaire for competitors, question D.C.11.

⁵⁷ Form CO, paragraph 53.

⁵⁸ Form CO, Annex 7.3.

⁵⁹ Minutes of the call with a customer on 29 November 2022, paragraph 9. Original version in French reads as follows: "*Le transfert entre les marques nationales et marques de distributeur est possible. Le consommateur peut changer entre marques de distributeur et Galbani par exemple*".

⁶⁰ Minutes of the call with a customer on 28 November 2022, paragraph 4.

⁶¹ Questionnaire for customers, question D.D.1; Questionnaire for supplier sand competitors, question D.D.3.

- (54) In light of the above, the competitive assessment of Italian-type hard cheeses will be carried out by distinguishing between the modern retail, traditional retail and OOH sales channels.

5.1.1.1.3.4. Conclusion

- (55) For the purposes of this Decision, the competitive assessment will be carried out at the narrowest plausible level, i.e. distinguishing according to: (i) type of cheese between PDO Parmigiano Reggiano, PDO Grana Padano, PDO Pecorino Romano and other Italian-type hard cheeses; and (ii) sales channels between the modern retail channel, the traditional retail channel and OOH channel. For the purpose of this Decision, based on the results of the market investigation, no distinction will be made between private label and branded PDO Parmigiano Reggiano, PDO Grana Padano, PDO Pecorino Romano and other Italian-type hard cheeses.

5.1.1.2. Supply of fresh cheese

- (56) The concentration gives rise to affected markets with regard to the supply of mozzarella, burrata, ricotta, mascarpone and feta.

5.1.1.2.1. The Commission's past practice

- (57) The Commission has previously considered that mozzarella, mascarpone, ricotta and feta constitute fresh cheeses.⁶² The Commission has further concluded that mozzarella,⁶³ mascarpone⁶⁴ and ricotta⁶⁵ constitute separate product markets. However, the Commission has left open whether feta constitutes a separate product market.⁶⁶ The Commission has not previously considered burrata in its decisions.
- (58) In addition, the Commission has found that mozzarella is to be further segmented by type of milk, into buffalo and cow mozzarella.⁶⁷
- (59) Further sub-segmentations by sales channel (modern retail,⁶⁸ OOH customers, and traditional retail⁶⁹),⁷⁰ packaging (private label and branded)⁷¹ and by designation of origin (PDO and non-PDO)⁷² have also been envisaged. However, the precise market definition for these potential sub-segmentations was ultimately left open.

⁶² See e.g. M.4135 Lactalis / Galbani, paragraph 9; Case M.9413, Lactalis / Nuova Castelli, paragraphs 58-59.

⁶³ M.9413 Lactalis/Nuova Castelli, paragraph 43.

⁶⁴ M.9413 Lactalis/Nuova Castelli, paragraphs 51 and 57.

⁶⁵ M.9413 Lactalis/Nuova Castelli, paragraphs 44 and 50.

⁶⁶ M.9413 Lactalis/Nuova Castelli, paragraphs 59-64.

⁶⁷ M.4135 Lactalis / Galbani, paragraph 13; M.6242 Lactalis / Parmalat, paragraphs 52-53; M.9413 Lactalis / Nuova Castelli, paragraph 34.

⁶⁸ This channel includes primarily supermarkets and hypermarkets.

⁶⁹ This channel includes specialised cheese stores, over-the-counter shops, and independent local stores selling cheese.

⁷⁰ M.10260 - Lactalis / Leerdammer, paragraph 43.

⁷¹ M.9413 Lactalis / Nuova Castelli, paragraph 96.

⁷² See e.g. M.4135 Lactalis / Galbani, paragraphs 14-15; M.9413 Lactalis / Nuova Castelli, paragraphs 71-76.

5.1.1.2.2. The Notifying Party's view

- (60) As for mozzarella, the Notifying Party submits that cow milk mozzarella, including burrata, and buffalo milk mozzarella are part of the same product market.⁷³ In particular, the Notifying Party considers that there is a high degree of demand-side substitutability between these products which, according to that Party, are used for the same recipes and are presented in the same formats.
- (61) With regard to mascarpone, ricotta and feta, the Notifying Party argues that the market definition can be left open, as no competition concerns arise even under the narrowest plausible market definition where each cheese is considered a separate relevant product market.⁷⁴
- (62) The Notifying Party submits that a segmentation by sales channel and by type of packaging (branded and private label) for fresh cheeses is not appropriate for the same reasons as those listed for hard cheeses (see paragraphs (34) and (36)). For cow mozzarella specifically, Lactalis argues that the average price trends for branded and private label products follow the same trends and that this indicates that there is strong competition between branded and private label products.⁷⁵
- (63) Further, the Notifying Party argues that a segmentation by designation of origin outside of Italy is not warranted, because consumers in these countries generally do not make a difference between these categories.⁷⁶ For buffalo mozzarella specifically, Lactalis argues that such a segmentation is unwarranted because the market investigation in *M.9413 - Lactalis/Nuova Castelli* indicated that PDO and non-PDO mozzarella were substitutes in terms of price and product characteristics and customers would switch to non-PDO alternatives in the event of a price increase of PDO mozzarella of 5-10%.⁷⁷ Finally, Lactalis submits that such a segmentation is also not warranted in Italy, because even in Italy only a small proportion of consumers is aware of the differences between PDO and non-PDO cheeses.⁷⁸

5.1.1.2.3. The Commission's assessment

5.1.1.2.3.1. Type of cheese

- (64) Regarding mozzarella, the market investigation provided conclusive evidence that separate relevant product markets exist for regular cow mozzarella, burrata and for buffalo mozzarella.
- (65) On the demand side, a majority of both customers and competitors found that consumers would not substitute cow mozzarella with either buffalo mozzarella or burrata (although some acknowledged that consumers may start to substitute these products when there are very large price differences).⁷⁹ Regarding the differences between cow mozzarella and buffalo mozzarella, both customers and competitors

⁷³ Form CO, paragraphs 358-360.

⁷⁴ Form CO, paragraphs 414, 421 and 498.

⁷⁵ Form CO, paragraph 194.

⁷⁶ Form CO, paragraphs 159-161.

⁷⁷ Form CO, paragraph 164. See also: M.9413 Lactalis / Nuova Castelli, paragraphs 39-41.

⁷⁸ Form CO, paragraph 166.

⁷⁹ Questionnaire to customers, questions D.A.B.1 and D.A.B.4, and questionnaire to competitors, questions D.A.B.1 and D.A.B.6.

emphasised that buffalo mozzarella has a stronger, more intense taste compared to cow mozzarella and that buffalo mozzarella tends to be more expensive.⁸⁰ On the differences between cow mozzarella and burrata, both customers and competitors emphasised that burrata has a different texture, consistency and taste compared to cow mozzarella, as it is filled with stracciatella cream, and that it tends to be perceived by consumers as more of a premium product compared to regular cow mozzarella.⁸¹

- (66) A Danish retailer, for example, explained that “*consumers differentiate among mozzarella products mainly because of price and quality factors*”.⁸² In line with several other market participants, this Danish retailer further elaborated that “*discount cow mozzarella is on the lower end of the scale (cheap and low quality) whereas buffalo mozzarella and burrata are on the higher end of the scale (more expensive and higher quality)*”.⁸³ In contrast to the Notifying Party’s submission, this Danish retailer found that “*consumers use each type of mozzarella differently (cow mozzarella for salads and buffalo mozzarella and burrata for tapas or cheese plates)*”.⁸⁴
- (67) Similarly, a well-known French retailer explained that both from the perspective of the supply and demand side, mozzarella produced from cow and buffalo milk were not easily substitutable: “*The ingredients are different, the production process is different, and the taste is different. Buffalo mozzarella is considered a premium product due to the higher quality of buffalo milk.*”⁸⁵ Another large French retailer noted that the choice of cow or buffalo milk impacts “*the quality, price and the target consumer*” and that “[*t*]o meet consumers’ needs, both types [of mozzarella] must be offered”.⁸⁶ These views were also echoed by a large Italian cheese manufacturer that concluded that “[*c*]ow mozzarella and buffalo mozzarella are not substitutable”.⁸⁷
- (68) On the supply side, a large majority of competitors stated that it would be difficult or very difficult for a producer of cow mozzarella to start producing buffalo mozzarella or burrata (or vice versa) in a short period of time.⁸⁸ Competitors emphasised that for such a shift in production, new machinery and specific know-how would be required, as well as the procurement of additional ingredients (buffalo milk in the case of buffalo mozzarella and stracciatella cream in the case of burrata).⁸⁹ As such, the Commission finds that there are no grounds on the basis of supply-side substitutability to include regular cow mozzarella, buffalo mozzarella and burrata in the same product market.

⁸⁰ Questionnaire to customers, question D.A.B.3, and questionnaire to competitors, question D.A.B.3.

⁸¹ Questionnaire to customers, question D.A.B.7, and questionnaire to competitors, question D.A.B.9.

⁸² Minutes from a call with a Danish retailer, 3 February 2023, paragraph 12.

⁸³ Minutes from a call with a Danish retailer, 3 February 2023, paragraph 12.

⁸⁴ Minutes from a call with a Danish retailer, 3 February 2023, paragraph 12.

⁸⁵ Courtesy translation. Original: “*Les ingrédients sont différents, le processus de production est différent et le goût est différent. La mozzarella de bufflonne est considéré comme un produit premium en raison de la qualité du lait bufflonne plus élevée*”. Minutes from a call with a French retailer, 2 December 2022, paragraph 10.

⁸⁶ Courtesy translation. Original: “*Il y a une différence entre l’utilisation du lait de vache et celui de bufflonne, ce qui impacte la qualité, le prix et la cible. Pour les besoins du consommateur, il faut couvrir les deux.*” Minutes from a call with a French retailer, 28 November 2022, paragraph 6.

⁸⁷ Minutes from a call with an Italian cheese manufacturer, 4 January 2023, paragraph 18.

⁸⁸ Questionnaire to competitors, questions D.A.B.4 and D.A.B.10.

⁸⁹ Questionnaire to competitors, questions D.A.B.5 and D.A.B.11.

- (69) Finally, with regards to feta (a typically Greek cheese supplied in small quantities by the Parties), mascarpone and ricotta, the market definition can be left open as no competition concerns arise even under the narrowest plausible product market definition in which feta, mascarpone and ricotta are viewed as separate product markets.
- (70) Therefore, the Commission will assess separately the distinct product markets for cow mozzarella, buffalo mozzarella and burrata, as well as the product markets for feta, mascarpone and ricotta.

5.1.1.2.3.2. Designation of origin

- (71) In *M.9413 - Lactalis / Nuova Castelli*, the Commission's competitive assessment ultimately did not distinguish fresh cheeses by designation of origin (particularly, PDO and non-PDO). The market investigation for the present case has provided no evidence that would suggest that a distinction of fresh cheeses according to designation of origin is warranted for the present case.

5.1.1.2.3.3. Private label and branded

- (72) For fresh cheeses, the Commission's market investigation has provided evidence that, while private label products are seen by many consumers as broadly substitutable with branded products, brands also play an important role to consumers and allow branded products to compete somewhat independently from private label products.
- (73) A majority of customers and competitors having expressed an opinion indicated that companies' brands are important or very important when purchasing mozzarella, but a significant minority held that brands are less important or irrelevant.⁹⁰ In this regard, a Danish retailer submitted that "*consumers recognise mozzarella brands, such as those from [Lactalis'] Galbani*".⁹¹
- (74) For feta, mascarpone and ricotta, a majority of responding competitors indicated that companies' brands are important or very important, whereas a majority of responding customers indicated that companies' brands are less relevant when purchasing these cheeses.⁹² A French retailer noted that "[f]or fresh cheese (*mascarpone, ricotta*) brands are also important".⁹³
- (75) Further, a majority of competitors and customers having expressed an opinion indicated that a significant proportion of consumers (10-50%) would switch to private label products in case prices for branded mozzarella, feta, mascarpone or ricotta were to lastingly increase by 5-10% in Europe.⁹⁴

⁹⁰ Questionnaire to customers, questions D.C.14 and D.C.19, and questionnaire to competitors, questions D.C.15 and D.C.20.

⁹¹ Minutes from a call with a Danish retailer, 3 February 2023, paragraph 14.

⁹² Questionnaire to customers, question D.C.19, and questionnaire to competitors, questions D.C.15 and D.C.20.

⁹³ Courtesy translation. Original: "*En ce qui concerne la mozzarella, l'importance de la marque est pareille.*" and "*Pour le fromage frais (mascarpone, ricotta) les marques sont également importantes.*" Minutes from a call with a French retailer, 28 November 2022, paragraph 5.

⁹⁴ Questionnaire to customers, questions D.C.17 and D.C.21, and questionnaire to competitors, questions D.C.18 and D.C.22.

- (76) Thus, while the market investigation provides some indications that branded products compete in the same market as private label products, the results of the market investigation are not conclusive in this regard.
- (77) Regarding the Notifying Party's observation that prices for branded and private label mozzarella follow the same trends, this may be the case, even if these two product categories do not compete closely with one another, because both branded and private label mozzarella are produced from the same ingredients, mainly cow or buffalo milk, and hence co-movements in prices may be the result of underlying changes in the common cost structure between these two products rather than competitive interactions.
- (78) In light of the findings of the market investigation, the Commission considers that, for fresh cheeses, while private label products exert a constraint on branded products, this is not sufficient to exclude that branded products compete in a different market. In any event, for the purposes of the present case, the exact market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market under any plausible market definition. The Commission will therefore in its competitive assessment distinguish between branded and private label products for each of the fresh cheeses considered.

5.1.1.2.3.4. Sales channel

- (79) A vast majority of responding customers and competitors held that there is a difference in the conditions of competition, i.e. pricing, volumes of orders, content of orders, conduct of negotiations, between supermarkets (i.e. modern retail) and traditional retailers (over-the-counter stores) as well as the OOH channel.⁹⁵
- (80) The market investigation thus supports that a distinction should be made between the sales channels.
- (81) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition. In its competitive assessment, for each of the fresh cheeses considered, the Commission will distinguish between i) the modern retail channel, ii) the traditional retail channel, and iii) the OOH channel.

5.1.1.2.3.5. Conclusion

- (82) The Commission's market investigation confirmed that, within the fresh cheese category, there are separate relevant product markets for cow mozzarella, buffalo mozzarella and burrata. For feta, mascarpone and ricotta, while the Commission will consider each of these as separate products markets for the competitive assessment, the precise market definition can be left open as no competition concerns arise even under this narrowest plausible market.
- (83) In relation to the distinction between private label and branded products, for the purposes of the present case, the competitive assessment of the concentration will be carried out at the narrowest plausible segmentation, i.e., separately for private

⁹⁵ Questionnaire for customers, question D.D.1, and questionnaire for competitors, question D.D.3.

label and branded products. Similarly, in relation to the sales channel, for the purposes of the present case, the competitive assessment of the concentration will be carried out at the narrowest plausible segmentation, namely separately for i) the modern retail channel, ii) the traditional retail channel, and iii) the OOH channel.

5.1.1.3. Supply of soft cheese

(84) As mentioned above, the market for the supply of soft cheese includes the cheese types crescenza, taleggio, gorgonzola and brie.⁹⁶ As will be further addressed under the competitive assessment, the concentration gives rise to affected markets with regard to the supply of the cheese types gorgonzola, taleggio and magor. Both taleggio and gorgonzola are PDO cheeses which must be produced in accordance with certain product specification rules that are monitored by the Gorgonzola Consortium and the Taleggio Consortium⁹⁷, respectively. Cheese not fulfilling the respective PDO requirements for taleggio and gorgonzola may not bear the names taleggio or gorgonzola, or the corresponding PDO labels in the EEA.⁹⁸ Magor, a cheese made of layers of mascarpone and gorgonzola, is not a PDO cheese.

5.1.1.3.1. The Commission's past practice

(85) The Commission has found that the market for soft cheese includes the cheese types taleggio and gorgonzola.⁹⁹ The Commission has not considered whether taleggio is a distinct product market, nor has it has considered magor in its past decisions.

(86) With regard to gorgonzola, in M.9413 *Lactalis / Nuova Castelli*, the Commission considered whether gorgonzola constitutes a separate product market from other blue cheeses, but ultimately left the exact product market definition open.¹⁰⁰ In that case, the majority of responding customers submitted that gorgonzola is not substitutable or only partially substitutable with other types of blue cheeses in terms of price and product characteristics,¹⁰¹ and that end-consumers would not switch to other blue cheeses if prices of gorgonzola were to increase.¹⁰² Contrarily, the majority of responding competitors submitted that, in case of a price increase for gorgonzola, customers would switch to other blue cheeses (in particular roquefort).¹⁰³ Moreover, the Commission considered whether the relevant market encompassed both PDO gorgonzola and cheese not fulfilling the PDO requirements for gorgonzola, but it ultimately left the exact market definition open. In this regard, the majority of responding customers held that PDO and “non-PDO gorgonzola” were not alternatives in terms of price and product characteristics,¹⁰⁴

⁹⁶ See e.g. M.4135 *Lactalis / Galbani*, paragraph 9.

⁹⁷ Consorzio per la Tutela del Formaggio Gorgonzola DOP (‘Gorgonzola Consortium’) and Consorzio Tutela Taleggio (‘Taleggio Consortium’).

⁹⁸ Form CO, paragraph 630. Ambrosi also sells negligible quantities of gorgonzola to which truffles have been added and which therefore cannot bear the PDO label or the name gorgonzola. Lactalis does not sell such cheese. Due to the negligible quantities sold by Ambrosi, the concentration does not bring a material change to a potential market encompassing both PDO gorgonzola and cheese which do not fulfil the PDO requirements for gorgonzola. On this basis the Commission finds that the concentration does not raise serious doubts concerning such a market.

⁹⁹ M.4135 *Lactalis / Galbani*, paragraph 9.

¹⁰⁰ M.9413 *Lactalis / Nuova Castelli*, paragraphs 65-70.

¹⁰¹ M.9413 *Lactalis / Nuova Castelli*, paragraph 66.

¹⁰² M.9413 *Lactalis / Nuova Castelli*, paragraph 67.

¹⁰³ M.9413 *Lactalis / Nuova Castelli*, paragraph 67.

¹⁰⁴ M.9413 *Lactalis / Nuova Castelli*, paragraph 68.

and that if prices of PDO gorgonzola were to increase by 5-10%, end-consumers would not switch to “non-PDO gorgonzola”.¹⁰⁵ By contrast, the majority of responding competitors submitted that, in case of such a price increase for PDO gorgonzola, end-customers would switch to “non-PDO gorgonzola”.¹⁰⁶

- (87) As mentioned above, the Commission has also considered whether the supply of cheese could be further sub-segmented between private label and branded products,¹⁰⁷ as well as between different sales channels (modern retail, OOH channel, and traditional retail)¹⁰⁸, but it ultimately left the exact market definition open.

5.1.1.3.2. The Notifying Party’s view

- (88) With regard to taleggio, gorgonzola and magor, the Notifying Party submits that the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market even under the narrowest possible segmentation.¹⁰⁹
- (89) In general, the Notifying Party submits that a segmentation of the cheese markets between PDO and non-PDO is unwarranted,¹¹⁰ referring to, *inter alia*, that (i) only very sophisticated and experienced consumers can appreciate the distinction and (ii) that customers would switch between PDO and non-PDO cheeses in case the prices would increase for either type.¹¹¹
- (90) Concerning a possible segmentation between branded and private label cheese, the Notifying Party submits that: (i) both types of products compete head-to-head in terms of prices; (ii) there is a high demand substitutability; and (iii) branded products have to offer significant promotions to face competition from retailers’ private label products.¹¹²
- (91) Finally, the Notifying Party submits that a segmentation between the various distribution channels is not appropriate since: (i) products sold in the various channels have the same ingredients and manufacturing process; (ii) there is no specific capacity quota reserved for OOH products in the Parties’ plants; (iii) the contracting process for OOH products and the average duration of those contracts is the same as for the supply of products for the retail channel; (iv) overall, margins are also comparable on both segments. Notwithstanding this, the Notifying Party also submits that the specific channel in which cheese is distributed may impact the packaging of the cheese – cheese sold in the OOH channel is normally packaged in larger formats than cheese which is intended for the retail segment.¹¹³ However, the Notifying Party submits that the exact market definition can be left open since the concentration raises no competitive concerns under either product market definition.¹¹⁴

¹⁰⁵ M.9413 Lactalis / Nuova Castelli, paragraph 69.
¹⁰⁶ M.9413 Lactalis / Nuova Castelli, paragraph 69.
¹⁰⁷ M.9413 Lactalis / Nuova Castelli, paragraph 96.
¹⁰⁸ M.10260 - Lactalis / Leerdammer, paragraph 43.
¹⁰⁹ Form CO, paragraphs 449, 478 and 389-390.
¹¹⁰ Form CO, paragraph 160.
¹¹¹ Form CO, paragraphs 159-169.
¹¹² Form CO, paragraphs 193-194.
¹¹³ Form CO, paragraphs 170-172.
¹¹⁴ Form CO, paragraph 175.

5.1.1.3.3. The Commission's assessment

5.1.1.3.3.1. Type of cheese

5.1.1.3.3.1.1. Taleggio

(92) A large majority of the customers expressing their views held that most final consumers in Europe would generally not substitute taleggio with other soft cheeses.¹¹⁵ Competitors' views on the substitutability were less uniform. Three of the responding competitors held that most consumers in Europe would generally not substitute taleggio with other soft cheeses, whilst three competitors held that consumers would substitute taleggio in case of a lasting price increase of 5-10% for taleggio.¹¹⁶ As to the eventual differences between taleggio and other soft cheeses, both customers and competitors indicated that taleggio is different with regard to taste, quality, texture and price.¹¹⁷

(93) The market investigation thus indicates that there may be limited demand-side substitutability between taleggio and other soft cheeses due to consumer preferences.

5.1.1.3.3.1.2. Gorgonzola

(94) In the market investigation, several of the Parties' customers that expressed an opinion indicated that most final consumers in Europe would generally switch between gorgonzola and other blue cheeses, whilst a majority of the customers held that final consumers would substitute gorgonzola with other blue cheeses if there would be a lasting increase of the price of gorgonzola of 5-10%. Nevertheless, a significant minority held that most final consumers would generally not substitute gorgonzola with other blue cheeses.¹¹⁸

(95) Moreover, whilst one of the Parties' competitors that expressed an opinion held that most final consumers in Europe would generally substitute gorgonzola with other blue cheeses, three of the competitors held that final consumers would substitute gorgonzola with other blue cheeses in case of a lasting price increase of 5-10% for gorgonzola. By contrast, three competitors indicated that final consumers would generally not substitute gorgonzola with other blue cheeses.¹¹⁹ One gorgonzola competitor explained that “[i]n Italy, other blue cheeses do not compete with Gorgonzola. However, in other European countries, Gorgonzola competes with other blue cheeses such as German Bergader, Danish blue cheese and Danish blue castello, French Roquefort and the English Stilton cheese.”¹²⁰

(96) The customers and competitors who did not think final consumers would switch to other blue cheeses referred to the different taste, quality and texture of gorgonzola and the gorgonzola name (i.e. the PDO label) as characteristics that differentiate gorgonzola from other blue cheeses.¹²¹

¹¹⁵ Questionnaire to customers, question D.A.D.13.

¹¹⁶ Questionnaire to competitors, question D.A.D.13.

¹¹⁷ Questionnaire to customers, question D.A.D.15; Questionnaire to competitors, question D.A.D.15.

¹¹⁸ Questionnaire to customers, question D.A.C.1.

¹¹⁹ Questionnaire to competitors, question D.A.C.1.

¹²⁰ Minutes of call with a competitor on 13 January 2023, paragraph 8.

¹²¹ Questionnaire to customers, question D.A.C.3; Questionnaire to competitors, question D.A.C.3.

- (97) Furthermore, a majority of responding competitors held that it is very difficult to start producing gorgonzola in the short term, as it would take more than six months to set up production and it would be very costly.¹²² When asked about the reason for this, all competitors expressing an opinion referred to the PDO label requirements for gorgonzola. Specifically, the competitors mentioned that the cheese has to be produced in a certain area in Italy, that it requires certain milk and that it requires specific expertise and know-how.¹²³ One competitor explained that *“it is difficult to start producing gorgonzola as it is difficult to maintain the standard of quality”* and then referred to that *“the production, aging and packaging must be carried out in the area of the PDO and the production and aging techniques should be in line with the rules of the PDO.”*¹²⁴
- (98) Thus, whilst most responding customers and competitors held that final consumers would substitute gorgonzola with other blue cheeses, at least in case of a lasting and significant price increase, this view was not shared by an important part of the respondents. Also, there is little to no supply-side substitutability. The results of the market investigation are therefore not conclusive.

5.1.1.3.3.1.3. Magor

- (99) With regard to the substitutability of magor with other soft cheeses, the views of competitors and customers are not entirely uniform.
- (100) Of the customers that expressed their views, 11 customers held that most final consumers would substitute magor with other soft cheeses in case of a lasting price increase of 5-10% for magor, and 4 held that final customers would generally switch between the cheeses irrespective of the price difference.¹²⁵ However, 13 customers indicated that most final consumers in Europe would generally not substitute magor with other soft cheeses.
- (101) Moreover, whilst three of the competitors who expressed an opinion held that final consumers would substitute magor with other soft cheeses in case of a lasting price increase of 5-10% for magor, two competitors held that consumers generally do not substitute magor with other soft cheeses.¹²⁶
- (102) As to the eventual differences between magor and other soft cheeses, customers and competitors indicated that magor is different with regard to taste, texture and price.¹²⁷
- (103) Thus, a slight majority of customers and competitors would substitute magor with other soft cheeses, at least in case of a lasting and significant price increase, which would indicate that magor is not a distinct product market. However, given the significant minority that would not substitute magor in this way, the results of the market investigation are not conclusive.

¹²² Questionnaire to competitors, question D.A.C.4.

¹²³ Questionnaire to competitors, question D.A.C.5.

¹²⁴ Minutes of call with a competitor on 13 January 2023, paragraph 12.

¹²⁵ Questionnaire to customers, question D.A.D.7.

¹²⁶ Questionnaire to competitors, question D.A.D.7.

¹²⁷ Questionnaire to customers, question D.A.D.9; Questionnaire to competitors, question D.A.D.9.

5.1.1.3.3.1.4. Conclusion

(104) For the purposes of this Decision, the precise market definition with regard to taleggio, gorgonzola and magor can be left open, since even when narrowly sub-segmented by cheese type instead of considering a broader market for the supply of soft cheese, the concentration does not raise serious doubts as to its compatibility with the internal market as will be further explained in the competitive assessment.

5.1.1.3.3.2. Private label and branded

(105) A majority of customers having expressed an opinion indicated that companies' brands are less relevant when purchasing taleggio, gorgonzola and magor, whilst a significant minority held that brands are important when purchasing these cheeses.¹²⁸

(106) Contrarily, the majority of responding competitors indicated that companies' brands are important or very important when purchasing taleggio, gorgonzola and magor, but a significant minority held that brands are less important or irrelevant.¹²⁹ With regard to gorgonzola specifically, one competitor stated that *"there is a difference in the brand awareness between Italy and other European countries. In Italy, brands are more important as consumers are loyal to Gorgonzola brands. [...] In the rest of Europe, brands are not strongly represented and the consumption of Gorgonzola is lower."*¹³⁰

(107) Nevertheless, in case prices for branded taleggio, gorgonzola and magor were to lastingly increase by 5-10% in Europe, a vast majority of competitors and customers having expressed an opinion indicated that a significant proportion of consumers (10-50%) would switch to private label products.¹³¹

(108) Thus, the market investigation indicates that branded products may compete with private label products, at least outside Italy. However, the results of the market investigation are not conclusive in this regard.

(109) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.3.3.3. Sales channel

(110) A vast majority of responding customers and competitors held that there is a difference in the conditions of competition, i.e. pricing, volumes of orders, content of orders and conduct of negotiations, between supermarkets (i.e. modern retail) and traditional retailers (over-the-counter stores) as well as OOH customers.¹³²

(111) The market investigation thus supports that a distinction should be made between the sales channels.

¹²⁸ Questionnaire to customers, question D.C.19.

¹²⁹ Questionnaire to competitors, question D.C.20.

¹³⁰ Minutes of call with a competitor on 13 January 2023, paragraph 13.

¹³¹ Questionnaire to customers, question D.C.21. Questionnaire to competitors, question D.C.22.

¹³² Questionnaire for customers, question D.D.1; Questionnaire for supplier and competitors, question D.D.3.

- (112) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.3.3.4. Conclusion

- (113) For the purposes of this Decision, the competitive assessment will be carried out at the narrowest plausible level, i.e. for each cheese type, segmented between branded and private label products and between sales channels. However, the exact market definitions with regard to gorgonzola, taleggio and magor can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

5.1.1.4. Supply of semi-hard cheese

- (114) As mentioned above, the market for the supply of semi-hard cheese includes the cheese types paste filate, asiago, fontina and provolone.¹³³ As will be further addressed under the competitive assessment, the concentration gives rise to affected markets with regard to the supply of the cheese type paste filate.¹³⁴

5.1.1.4.1. The Commission's past practice

- (115) In past cases, the Commission has considered that the category of semi-hard cheese includes paste filate.¹³⁵ However, it has not previously been considered whether paste filate constitutes a distinct product market.
- (116) Moreover, as mentioned above, the Commission has considered whether the supply of cheese could be further sub-segmented between private label and branded products,¹³⁶ as well as between different sales channel (modern retail, OOH channel, and traditional retail)¹³⁷, but it ultimately left the exact market definition open.

5.1.1.4.2. The Notifying Party's view

- (117) With regard to paste filate, the Notifying Party submits that the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market even under the narrowest possible segmentation.¹³⁸
- (118) Concerning a possible segmentation between branded and private label cheese, the Notifying Party submits that: (i) both types of products compete head-to-head in terms of prices; (ii) there is a high demand substitutability; and (iii) branded products have to offer significant promotions to face competition from retailers' private label products.¹³⁹

¹³³ See e.g. M.4135 Lactalis / Galbani, paragraph 9.

¹³⁴ Provolone and scamorza.

¹³⁵ M.4135 Lactalis / Galbani, paragraph 9.

¹³⁶ M.9413 Lactalis / Nuova Castelli, paragraph 96.

¹³⁷ M.10260 - Lactalis / Leerdammer, paragraph 43.

¹³⁸ Form CO, paragraph 435.

¹³⁹ Form CO, paragraphs 193-194.

(119) Finally, the Notifying Party submits that a segmentation between the various distribution channels is not appropriate since: (i) products sold in the various channels have the same ingredients and manufacturing process; (ii) there is no specific capacity quota reserved for OOH products in the Parties' plants; (iii) the contracting process for OOH products and the average duration of those contracts is the same as for the supply of products for the retail channel; (iv) overall, margins are also comparable on both segments. Notwithstanding this, it also submits that the specific channel in which cheese is distributed may impact the packaging of the cheese – cheese sold in the OOH channel is normally packaged in larger formats than cheese which is intended for the retail segment.¹⁴⁰ However, the Notifying Party submits that the exact market definition can be left open since the concentration raises no competitive concerns under either product market definition.¹⁴¹

5.1.1.4.3. The Commission's assessment

5.1.1.4.3.1. Type of cheese

(120) A majority of competitors who expressed their views held that most final consumers in Europe would substitute paste filate with other semi-hard cheeses in case of a lasting price increase of 5-10% for paste filate.¹⁴² Contrarily, the majority of responding customers indicated that final consumers in Europe generally would not substitute paste filate with other semi-hard cheeses, although a significant minority held that they would substitute paste filate in this way in case of a lasting price increase of 5-10% for paste filate.¹⁴³ As to the eventual differences between paste filate and other semi-soft cheeses, customers and competitors indicated that paste filate is different with regard to taste, structure, price and usage.¹⁴⁴

(121) The views of customers and competitors as to the substitutability between paste filate and other semi-soft cheeses are thus not uniform.

(122) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.4.3.2. Private label and branded

(123) The majority of competitors having expressed an opinion indicated that companies' brands are important or very important when purchasing paste filate, but a significant minority held that brands are less important or irrelevant.¹⁴⁵ Contrarily, a majority of responding customers indicated that companies' brands are less relevant when purchasing paste filate, whilst a significant minority held that brands are important.¹⁴⁶

(124) Nevertheless, in case prices for branded paste filate were to lastingly increase by 5-10% in Europe, a vast majority of competitors and customers having expressed

¹⁴⁰ Form CO, paragraphs 170-172.

¹⁴¹ Form CO, paragraph 175.

¹⁴² Questionnaire to competitors, question D.A.D.10.

¹⁴³ Questionnaire to customers, question D.A.D.10.

¹⁴⁴ Questionnaire to customers, question D.A.D.12; Questionnaire to competitors, question D.A.D.12.

¹⁴⁵ Questionnaire to competitors, question D.C.20.

¹⁴⁶ Questionnaire to customers, question D.C.19.

an opinion indicated that a significant proportion of consumers (10-50%) would switch to private label products.¹⁴⁷

- (125) Thus, the market investigation indicates that branded products may compete with private label products. However, the results of the market investigation are not conclusive in this regard.
- (126) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.4.3.3. Sales channel

- (127) A vast majority of responding customers and competitors held that there is a difference in the conditions of competition, i.e. pricing, volumes of orders, content of orders and conduct of negotiations, between supermarkets (i.e. modern retail) and traditional retailers (over-the-counter stores) as well as OOH customers.¹⁴⁸
- (128) The market investigation thus supports that a distinction should be made between the sales channels.
- (129) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.4.3.4. Conclusion

- (130) For the purposes of this Decision, the competitive assessment will be carried out at the narrowest plausible level, i.e. for the cheese type paste filate, segmented between brands and private label products and between sales channels. However, the exact market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

5.1.1.5. Supply of hard/semi-hard cheese

- (131) As mentioned above, within the category of hard/semi-hard cheeses, there are the cheese types Dutch-type cheese (i.e. Gouda, Maasdam and Edam) as well as emmenthal, tilsit, cheddar, manchego and danbo.¹⁴⁹ As will be further addressed in the competitive assessment, the concentration gives rise to affected markets with regard to the supply of the hard/semi hard cheese Swiss-type cheese, i.e. cheese of Swiss origin (emmental, appenzeller, gruyere, raclette, fondue, tete de moine, sbrinz, bergkäse, fromage fribourg, vacherin mont d'or).¹⁵⁰

5.1.1.5.1. The Commission's past practice

- (132) The Commission has not considered Swiss-type cheese in its past decisions.

¹⁴⁷ Questionnaire to customers, question D.C.21. Questionnaire to competitors, question D.C.22.

¹⁴⁸ Questionnaire for customers, question D.D.1; Questionnaire for supplier and competitors, question D.D.3.

¹⁴⁹ M.5046 Friesland Foods / Campina, paragraphs 500-504.

¹⁵⁰ Form CO, paragraphs 425-426.

(133) As mentioned above, the Commission has in past practice considered whether the supply of cheese could be further sub-segmented between private label and branded products,¹⁵¹ and between different sales channel (modern retail, OOH channel, and traditional retail)¹⁵², but it ultimately left the exact market definition open.

5.1.1.5.2. The Notifying Party's view

(134) With regard to Swiss-type cheese, the Notifying Party submits that the exact definition of the relevant market can be left open as the concentration will not give rise to a significant impediment of competition, even under the narrowest possible segmentation.¹⁵³

(135) Concerning a possible segmentation between branded and private label cheese, the Notifying Party submits that: (i) both types of products compete head-to-head in terms of prices; (ii) there is a high demand substitutability; and (iii) branded products have to offer significant promotions to face competition from retailers' private label products.¹⁵⁴

(136) Finally, the Notifying Party submits that a segmentation between the various distribution channels is not appropriate since: (i) products sold in the various channels have the same ingredients and manufacturing process; (ii) there is no specific capacity quota reserved for OOH products in the Parties' plants; (iii) the contracting process for OOH products and the average duration of those contracts is the same as for the supply of products for the retail channel; (iv) overall, margins are also comparable on both segments. Notwithstanding this, the Notifying Party also submits that the specific channel in which cheese is distributed may impact the packaging of the cheese – cheese sold in the OOH channel is normally packaged in larger formats than cheese which is intended for the retail segment.¹⁵⁵ However, the Notifying Party submits that the exact market definition can be left open since the concentration raises no competitive concerns under either product market definition.¹⁵⁶

5.1.1.5.3. The Commission's assessment

5.1.1.5.3.1. Type of cheese

(137) In the market investigation, a vast majority of the Parties' competitors that expressed an opinion held that final consumers in Europe would switch to other hard/semi-hard cheeses in case of a lasting price increase of 5-10% for Swiss-type cheese.¹⁵⁷

(138) Of the Parties' customers expressing an opinion in the market investigation, 9 customers stated that most final consumers in Europe would generally switch between Swiss-type cheese and other hard/semi-hard cheeses irrespective of price difference, whilst 21 customers held that final consumers in Europe would switch to other hard/semi-hard cheeses in case of a lasting price increase of 5-10% for

¹⁵¹ See e.g. M.9413 Lactalis/Nuova Castelli, paragraph 96.

¹⁵² M.10260 - Lactalis/Leerdammer, paragraph 43.

¹⁵³ Form CO, paragraphs 427.

¹⁵⁴ Form CO, paragraphs 193-194.

¹⁵⁵ Form CO, paragraphs 170-172.

¹⁵⁶ Form CO, paragraph 175.

¹⁵⁷ Questionnaire to competitors, question D.A.D.1.

Swiss-type cheese. However, 22 customers indicated that final consumers in Europe would generally not substitute Swiss-type cheese with other hard/semi-hard cheeses.¹⁵⁸ These customers mainly listed the following characteristics as differentiating Swiss-type cheese from other hard/semi-hard cheese: the taste, characteristics, premium quality, Swiss heritage and higher price.¹⁵⁹

- (139) Thus, since a majority of the Parties' competitors and customers are of the view that final consumers would substitute Swiss-type cheese with other hard/semi-hard cheeses, at least in case of a lasting and significant price increase for Swiss-type cheese, the market investigation points to that Swiss-type cheese should not be distinguished from other hard/semi-hard cheeses.
- (140) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.5.3.2. Private label and branded

- (141) The majority of competitors having expressed an opinion indicated that companies' brands are important or very important when purchasing Swiss-type cheese, but a significant minority held that brands are less important or irrelevant.¹⁶⁰ Contrarily, a majority of responding customers indicated that companies' brands are less relevant when purchasing Swiss-type cheese, whilst a significant minority held that brands are important.¹⁶¹
- (142) Nevertheless, in case prices for branded Swiss-type cheese were to lastingly increase by 5-10% in Europe, a vast majority of competitors and customers having expressed an opinion indicated that a significant proportion of consumers (10-50%) would switch to private label products.¹⁶²
- (143) Thus, the market investigation indicates that branded products may compete with private label products. However, the results of the market investigation are not conclusive in this regard.
- (144) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.5.3.3. Sales channel

- (145) A vast majority of responding customers and competitors held that there is a difference in the conditions of competition, i.e. pricing, volumes of orders, content of orders and conduct of negotiations, between supermarkets (i.e. modern retail) and traditional retailers (over-the-counter stores) as well as OOH customers.¹⁶³

¹⁵⁸ Questionnaire to customers, question D.A.D.1.

¹⁵⁹ Questionnaire to customers, question D.A.D.3.

¹⁶⁰ Questionnaire to competitors, question D.C.20.

¹⁶¹ Questionnaire to customers, question D.C.19.

¹⁶² Questionnaire to customers, question D.C.21. Questionnaire to competitors, question D.C.22.

¹⁶³ Questionnaire for customers, question D.D.1; Questionnaire for supplier and competitors, question D.D.3.

- (146) The market investigation thus supports that a distinction should be made between the sales channels.
- (147) In any event, for the purposes of this Decision, the precise market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market irrespective of the plausible product market definition.

5.1.1.5.3.4. Conclusion

- (148) For the purposes of this Decision, the competitive assessment will be carried out at the narrowest plausible level, i.e. for the cheese type Swiss-type cheese, segmented between brands and private label products and between sales channels. However, the exact market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

5.1.2. Supply of butter

- (149) The concentration gives rise to affected markets with regard to butter packets and butter bulks.

5.1.2.1. The Commission's past practice

- (150) In previous practice, the Commission has found that there are separate product markets for butter sold in bulk and sold in packets¹⁶⁴ and that butter packets constitute a separate market from other vegetable fats.¹⁶⁵ It has also been considered, but ultimately left open, whether butter packets should be segmented by branded and private label products.¹⁶⁶
- (151) The Commission also came to the conclusion that dairy butter can be divided into (i) basic butter (with an 82% fat content); (ii) butter oil (or non-fractionated butter oil, i.e., with a 99.8% fat content) and (iii) fractionated butter oil (or fractionated butter).¹⁶⁷
- (152) In addition, the Commission held that vegetable fats (namely, margarine) are not in the butter market. The Commission, however, left open the question whether plain butter and butter with additives constitute separate markets.
- (153) In the most recent decision involving Lactalis, the Commission left open the precise market definition for the production and sale of butter.¹⁶⁸

5.1.2.2. The Notifying Party's view

- (154) The Notifying Party argues that the precise product market definition can be left open due to the absence of concerns under any plausible market definition.

¹⁶⁴ M.6722 Frieslandcampina / Zijerveld & Veldhuyzen And Den Hollander, paragraphs 109-112.

¹⁶⁵ M.6119 Arla / Hans, paragraph 30.

¹⁶⁶ M.6722 Frieslandcampina / Zijerveld & Veldhuyzen And Den Hollander, paragraph 109.

¹⁶⁷ M.5046 Friesland / Campina, paragraph 834. By fractionating butter, it is possible to "sort" the butter particles in accordance with their melting range; for example, butter with a melting range starting at 10, or 20, or 45 C°. Likewise, it is possible to produce extra white butter or (with the addition of carotene) extra yellow butter.

¹⁶⁸ M.9413 Lactalis / Nuova Castelli, paragraph 107.

5.1.2.3. The Commission's assessment

- (155) The vast majority of both customers and competitors indicated that consumers would generally not be willing to substitute butter with other vegetable fats, such as margarine, except if there was a very large price difference.¹⁶⁹ Some customers emphasised the difference in taste, use cases and price as characteristics distinguishing butter from vegetable fats.¹⁷⁰
- (156) Further, a majority of both customers and competitors indicated that consumers would not substitute butter sold in packets with butter sold in bulk as most consumers in Europe do not find both types of butter interchangeable with each other.¹⁷¹ One competitor noted that butter in packets is normally branded and therefore consumers have a higher degree of trust in butter packets compared to butter sold in bulk, whereas another competitor noted that butter packets are easier to store and use than butter sold in bulk.¹⁷²
- (157) For the purposes of the present case, the competitive assessment will be carried out at the narrowest plausible level at which the Parties compete in, distinguishing butter from other vegetable fats and distinguishing butter sold in packets from butter sold in bulk. For the same reasons that were given for the supply of cheeses, the competitive assessment will also distinguish between branded and private label packaging, and between the sales channel (i.e., modern retail, traditional retail and the OOH channel). The exact market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.

5.2. Geographic market definition

5.2.1. Supply of cheese

5.2.1.1. The Commission's past practice

- (158) In previous cases, the Commission concluded that the narrowest plausible markets for the supply of cheese are national in scope.¹⁷³

5.2.1.2. The Notifying Party's view

- (159) The Notifying Party does not disagree with the Commission's precedents that the markets for the supply of branded cheeses are national in scope.¹⁷⁴
- (160) However, the Notifying Party argues that the market for the supply of private label cheese to retailers is wider than national because (i) retailers organise European-wide calls for tenders and some European retailers have regrouped their activities in buying alliances; (ii) suppliers merely make industrial capacity available to retailers, which can be located in various EEA countries; (iii) imports and exports

¹⁶⁹ Questionnaire for customers, question E.4, questionnaire for competitors, question E.4.

¹⁷⁰ Questionnaire for customers, question E.6, questionnaire for competitors, question E.6.

¹⁷¹ Questionnaire for customers, question E.1, questionnaire for competitors, question E.1.

¹⁷² Questionnaire for competitors, question E.3.

¹⁷³ See: M.7232 – Charterhouse/Nuova Castelli, paragraph 15; M.6522 – Groupe Lactalis/Skanemejerier, recital 28; M.4135 – Lactalis/Galbani, paragraph 18; M.6242 – Lactalis/Parmalat, paragraph 55; M.9413 – Lactalis / Nuova Castelli, paragraph 120.

¹⁷⁴ Form CO, paragraphs 355-356, 380-381, 409-410, 415-416, 422-423, 428-429, 436-437, 444-445, 450-451, 456-457, 479-480, 499-500.

of cheese are significant in the EU; (iv) the labelling of products does not constrain competition between suppliers from various Member States, and (v) prices for private label cheeses are homogenous across various Member States.¹⁷⁵

- (161) Finally, the Notifying Party argues that the precise product market definition can be left open due to absence of concerns under any plausible market definition.¹⁷⁶

5.2.1.3. The Commission's assessment

- (162) The majority of both customers and competitors consider that differences between consumer preferences and competitive conditions (e.g., prices, suppliers available, type of products) for the supply of Italian-type hard cheeses and other Italian cheeses across EEA member states are significant or very significant.¹⁷⁷ Customers and competitors particularly stressed differences in consumer behaviour across these countries.¹⁷⁸ Further, the market investigation has not brought forward any contradicting evidence to the Commission's conclusion in previous cases that the narrowest plausible market for the supply of cheeses more generally (including non-Italian cheeses) is national in scope.

- (163) For the purpose of this decision, the competitive assessment for the supply of cheese will be carried out at the narrowest level, i.e. a national level. However, the precise geographic market definition can be left open as the concentration does not raise serious doubts as to its compatibility with the internal market under any plausible geographic market definition, including at the EEA level.

5.2.2. *Supply of butter*

5.2.2.1. The Commission's past practice

- (164) In one previous case, the Commission considered the geographic market for bulk butter, fractionated butter oil and non-fractionated butter oil to be EEA-wide,¹⁷⁹ whereas in another previous case, the Commission assessed the concentration at the narrowest plausible geographic market for bulk butter, which is national in scope.¹⁸⁰

- (165) With regard to packet butter, the Commission considered in a previous decision that the relevant geographic market was wider than national but left open whether it was EEA-wide or narrower than EEA-wide (i.e., specific regions within the EEA).¹⁸¹ In another case, the Commission assessed the concentration at the narrowest plausible geographic market for packet butter, i.e. at the national level.¹⁸²

¹⁷⁵ Form CO, paragraphs 210-226.

¹⁷⁶ Form CO, paragraphs 357, 382, 411, 417, 424, 430, 438, 446, 452, 458, 481, 501.

¹⁷⁷ Questionnaire for customers, questions F.1 and F.3, and questionnaire for competitors, questions F1 and F.3.

¹⁷⁸ Questionnaire for customers, questions F.2 and F.4, and questionnaire for competitors, questions F2 and F.4.

¹⁷⁹ M.6627 – Arla Foods/Milch-Union Hocheifel, paragraph 88.

¹⁸⁰ M.9413 - Lactalis / Nuova Castelli, paragraph 128.

¹⁸¹ M.6627 – Arla Foods/Milch-Union Hocheifel, paragraph 88.

¹⁸² M.9413 - Lactalis / Nuova Castelli, paragraph 128.

5.2.2.2. The Notifying Party's view

(166) The Notifying Party considers that the markets for butter are EEA-wide, or at least regional. However, in the absence of significant overlapping activities of the Parties on these markets, the Notifying Party submits that this question may be left open.¹⁸³

5.2.2.3. The Commission's assessment

(167) While a majority of responding customers found that differences in consumer preferences and competitive conditions (e.g., prices, active suppliers, type of products) for the supply of butter across EEA member states are significant or very significant, an equal number of responding competitors found that these differences are significant as those that found them to be insignificant.¹⁸⁴ None of the customers and competitors that expressed an opinion found that the answer to this question would change depending on whether one were to look at the supply of bulk butter or butter packets.¹⁸⁵

(168) For the purposes of this decision, the competitive assessment of the concentration will be carried out at the narrowest level possible, i.e. at a national level.

6. COMPETITIVE ASSESSMENT

6.1. Legal framework

(169) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing whether they would significantly impede effective competition in the internal market or in a substantial part of it. The Commission Guidelines on the assessment of horizontal mergers under the Merger Regulation (the "Horizontal Merger Guidelines") distinguish two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated effects and coordinated effects.¹⁸⁶

(170) Non-coordinated effects may significantly impede effective competition by eliminating the competitive constraint imposed by one merging party on the other, as a result of which the combined entity would have increased market power without resorting to coordinated behaviour. According to recital (25) of the preamble of the Merger Regulation, a significant impediment to effective competition can result from the anticompetitive effects of a concentration even if the combined entity would not have a dominant position on the market concerned. In this regard, the Horizontal Merger Guidelines consider not only the direct loss of competition between the merging firms, but also the reduction in competitive pressure on non-merging firms in the same market that could be brought about by the merger.¹⁸⁷

¹⁸³ Form CO, paragraph 516.

¹⁸⁴ Questionnaire for customers, question G.1, and questionnaire for competitors, question G.1.

¹⁸⁵ Questionnaire for customers, question G.2, and questionnaire for competitors, question G.2.

¹⁸⁶ OJ C 31, 05.02.2004, p. 5. The remainder of this Decision focuses on non-coordinated horizontal effects and conglomerate effects.

¹⁸⁷ Horizontal Merger Guidelines, paragraphs 24-38.

- (171) The Horizontal Merger Guidelines list a number of factors, which may influence the rise of substantial non-coordinated effects from a merger, such as: the large market shares of the merging firms; the fact that the merging firms are close competitors; the limited possibilities for customers to switch suppliers; or the fact that the merger would eliminate an important competitive force. The list of factors applies equally if a merger would create or strengthen a dominant position, or would otherwise significantly impede effective competition due to non-coordinated effects. Furthermore, not all of those factors need to be present to make significant non-coordinated effects likely and the list itself is not an exhaustive list.¹⁸⁸

6.2. Methodology for market shares

- (172) According to the Horizontal Merger Guidelines and the Non-Horizontal Merger Guidelines, market shares constitute useful first indications of the market structure and of the competitive importance of the market players.
- (173) The Notifying Party submitted market shares in volume and value, when available, for each plausible product and geographic market.¹⁸⁹ The approach adopted by the Notifying Party largely follows the approach adopted by the European Commission in the *M.9413 Lactalis/Nuova Castelli* decision.¹⁹⁰
- (174) Where available, the Notifying Party used retail data from Nielsen or IRI as a proxy for the total market size.¹⁹¹ Nielsen and IRI panel data record the total volume of cheese / butter sold to consumers at retail level nationally. Similarly, subject to availability, the market size for value-based market shares was based on the total value recorded by the panels.¹⁹² The panel data includes total market size estimates, distinguishing between branded and private label sales, for the modern and traditional retail channels in Italy and Spain, as well as for the modern retail channel only in all other countries.
- (175) For countries where panel data is unavailable, the Notifying Party has primarily relied on country-level data from Eurostat on import, export and production volumes (with differing levels of detail) as well as several adjustment factors to account for missing or incomplete data. For magor, mascarpone and ricotta, which are not covered individually in the Eurostat data, the Notifying Party has relied on geographical proxy countries in which the relevant data is available, by assuming that the per capita cheese consumption is the same in these proxy countries.

¹⁸⁸ Horizontal Merger Guidelines, paragraphs 24-38.

¹⁸⁹ The Notifying Party has presented an alternative market share approach where sales of the Parties' private label products are allocated to competitors rather than to the Parties' own market shares. According to the Notifying Party, this is appropriate because the Parties' private label products compete with the Parties' branded products at the retail level. However, as the competitive assessment is primarily concerned with the impact of the concentration on the wholesale supply of cheese and butter products (where each Party's private label products do not compete with the same Party's branded products), the remainder of the Decision focusses on the standard market share estimates.

¹⁹⁰ An exception to this is the use of adjustment factors for some plausible markets based on data from the French institute AgriMer.

¹⁹¹ Data from Nielsen or IRI was available for the following countries: Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Poland, Spain, and Sweden.

¹⁹² In its competitive assessment, the Commission ultimately relied on the volume-based market shares as the Parties were unable to provide value-based market shares for some sub-segments.

- (176) To estimate the channel split between retail (modern and traditional) and OOH (Ho.Re.Ca and industrial), the Notifying Party has primarily relied on estimates by the French institute AgriMer on the distribution of cheese consumption in France by sales channel, assuming that the distribution of cheese consumption by sales channel is the same in all EEA countries as in France, except in Italy.¹⁹³
- (177) For consistency purposes, the Notifying Party has relied on the panel data for the Parties' own sales of branded products. For private label sales as well as for countries in which the panel data is unavailable, the Notifying Party has used the Parties' own sales data as well as some adjustment factors as the Parties' own sales volumes.
- (178) The Commission examined the methodology and the market shares provided by the Notifying Party, and used the market shares by volume as a primary tool for determining the competitive strength of the Parties. In the present case, the Commission has not undertaken a full market reconstruction due to the large number of markets that were examined as well as the fact that the Notifying Party closely followed the approach chosen by the Commission in the M.9413 *Lactalis/Nuova Castelli*. However, the Commission notes that, in some plausible markets, responses from the market investigation suggest that the combined shares of the Parties estimated by the Notifying Party may substantially overestimate the Parties' actual combined shares in these markets. In these plausible markets, the Commission has noted the potential overestimation in the Parties' market share in the competitive assessment.

6.3. Horizontal non-coordinated effects

- (179) Based on the market share data submitted by the Notifying Party, the concentration would give rise to horizontally affected markets in Austria (Section 6.3.1), Belgium (Section 6.3.2), Croatia (Section 6.3.3), Denmark (Section 6.3.4), Estonia (Section 6.3.5), Finland (Section 6.3.6), France (Section 6.3.7), Germany (Section 6.3.8), Greece (Section 6.3.9), Italy (Section 6.3.10), Latvia (Section 6.3.11), Norway (Section 6.3.12), Poland (Section 6.3.13), Romania (Section 6.3.14), Spain (Section 6.3.15) and Sweden (Section 6.3.16).¹⁹⁴
- (180) In the following segments, the Commission will address potential competition concerns in all affected markets under the narrowest plausible market definition. The Commission will focus its assessment on the narrowest plausible markets, because, in the present case, the Parties' combined market shares and overall

¹⁹³ For the channel split in Italy, the Notifying Party has relied on data from the Buffalo Mozzarella consortium for buffalo mozzarella, cow mozzarella and burrata, as well as on the AgriMer data for all other products.

¹⁹⁴ In Czechia, there are plausible markets for the supply of cow mozzarella and "other Italian-type hard cheese" that are affected, whereas in the Netherlands, there are plausible markets for buffalo mozzarella, burrata, cow mozzarella, Pecorino Romano, mascarpone and ricotta that are also affected. In addition, in Slovakia, there would be an affected market in the OOH channel when looking at Grana Padano and Parmigiano Reggiano as a distinct market. However, even under the narrowest plausible market definition, the increments brought about by the concentration are insignificant (less than [volume] sold annually with less than [0-5]% market share). As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these markets. Furthermore, the Parties overlap in the market for the procurement of milk. However, this is not an affected market due to the Parties' low combined market shares, and on this basis the Commission finds that the concentration does not raise serious doubts concerning this market.

competitive position are generally strongest in these narrowest plausible markets (rather than in any broader plausible market).¹⁹⁵ Where the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market at the narrowest plausible level, the Commission therefore also concludes this to be the case also for any broader plausible markets, since the reasons for finding that the concentration does not raise serious doubts as to its compatibility with the internal market apply even more strongly as regards those broader plausible markets.

6.3.1. Austria

- (181) Based on the market share data submitted by the Parties, the concentration gives rise to one horizontally affected market in Austria, i.e. the supply of PDO gorgonzola to the OOH channel.
- (182) The Parties' combined market share in volume in the supply of PDO gorgonzola to the OOH channel in Austria is [30-40]%, with an increment of [0-5]%. The Notifying Party has not attributed the remaining [60-70]% of the market shares to any specific other competitors.

Table 1: Market shares for gorgonzola in the OOH channel in Austria (2021)

Competitor	Sales, tonnes	Market Share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[30-40]%
Others	[...]	[60-70]%
Total sales	181	100%

Source: Parties' estimates.

- (183) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the combined market share is moderate and the increment is *de minimis*; (ii) the market dimension is small (only 181.12 tonnes in 2021); (iii) there is no closeness of competition; (iv) the Parties will continue to face strong competition from e.g. Igor and Zanetti; (v) there is competitive pressure also from suppliers of other similar Italian cheeses; (vi) there are no significant barriers to entry and expansion in terms of costs and time; and (vii) retailers have a strong bargaining power (e.g. Rewe, Spar Österreichische Warenhandels, Interfood and Emmi Österreich).¹⁹⁶
- (184) The Commission finds the following:
- (185) *First*, the combined market share of the Parties is not very high, and the increment added to Lactalis' market share through the concentration is only [0-5]%. The concentration would result in an HHI delta of less than 150 (approx. [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.¹⁹⁷ The limited

¹⁹⁵ This is due to the fact that, outside Italy, the Parties are mostly strongest in the supply of branded dairy products to modern retailers.

¹⁹⁶ Form CO, paragraph 948.

¹⁹⁷ Horizontal Merger Guidelines, paragraph 20.

relevance of Ambrosi was confirmed by a competitor of the Parties who explained that it “does not consider [Ambrosi] as a strong competitor in Gorgonzola”¹⁹⁸ and that it “does not have any concerns in relation to the Gorgonzola market because Ambrosi sells Gorgonzola only in limited quantities and is not popular enough to create imbalances on the Gorgonzola market post-transaction.”¹⁹⁹

- (186) *Second*, there are a number of alternative cheese suppliers currently available to Austrian customers, such as Igor and Zanetti.²⁰⁰ In addition to the competitors cited by the Parties, the Commission found through the market investigation an additional supplier of gorgonzola in Austria, Granarolo.²⁰¹
- (187) *Third*, the barriers to entry and expansion in the market for the supply of gorgonzola in Austria appear to be low.
- (a) With 181.12 tonnes of gorgonzola sold in Austria overall in 2021, the size of the market is relatively small. Thus, also suppliers of gorgonzola with lower output volumes could satisfy the need for gorgonzola in Austria. This also means that the the Parties’ market positioning is not entrenched, as limited sales would allow competitors to capture large portions of the market and since the switch of an important customer could reshuffle market shares.
 - (b) Ambrosi does not manufacture its own gorgonzola and does not have its own distribution infrastructure in Austria but relies on third-party distributors.²⁰² This shows that it is possible to enter and expand in the supply of gorgonzola in Austria without having specific distribution capabilities in Austria and without having specific production capabilities for gorgonzola.
 - (c) A number of competitors of the Parties have indicated that, in case of an increase of the demand for gorgonzola, they have the capacity to increase exports of gorgonzola or to start exporting gorgonzola to the whole EEA.²⁰³ This includes Granarolo, which is already supplying gorgonzola to Austria.²⁰⁴
 - (d) Switching suppliers of gorgonzola appears to be relatively easy from a logistical point of view since, due to the PDO requirements, these products must all be produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors’ production sites in the same area without significant effort or costs. A competitor explained that it “normally uses distributors to sell its Gorgonzola abroad and either the distributor or the retailer puts together in one truck the products from different Italian suppliers to reduce their logistics costs.”²⁰⁵
- (188) *Fourth*, whilst some of the responding customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Austria, this view was not shared by all customers, as the same number of

¹⁹⁸ Minutes of a call with a competitor on 13 January 2023, paragraph 6.

¹⁹⁹ Minutes from a call with a competitor on 13 January 2023, paragraph 22.

²⁰⁰ Questionnaire to competitors, question C.A.3.

²⁰¹ Questionnaire to competitors, question C.A.3.

²⁰² Form CO, paragraph 54; Response to PN RFI 4, paragraph 11.6.

²⁰³ Questionnaire to competitors, question H.M.9.

²⁰⁴ Questionnaire to competitors, question C.A.3.

²⁰⁵ Minutes of a call with a competitor on 13 January 2023, paragraph 26.

customers indicated that the impact would be neutral.²⁰⁶ Furthermore, none of the customers responding that the impact would be negative expressed concerns with regard to gorgonzola.²⁰⁷ Moreover, a majority of responding competitors held that the concentration would have a neutral impact on the level of competition in the supply of Italian cheeses of in Austria.²⁰⁸ A gorgonzola competitor stated that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry.*”²⁰⁹ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.²¹⁰

(189) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of gorgonzola to the OOH channel in Austria.

6.3.2. Belgium

(190) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in Belgium in relation to the cheese types gorgonzola and taleggio.²¹¹

6.3.2.1. Gorgonzola

(191) The Parties’ combined market share in the supply of branded PDO gorgonzola to the modern retail channel in Belgium is [60-70]%, with an increment of [0-5]%. Whilst the Notifying Party has attributed [5-10]% of the remaining market shares to Igor, it has not attributed the remaining [20-30]% of the market shares to any specific other competitors.

Table 2: Market shares for gorgonzola (branded) in the modern retail channel in Belgium (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[60-70]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[60-70]%</i>
Igor	[...]	[5-10]%
Others	[...]	[20-30]%
Total sales	80	100%

Source: Parties’ estimates.

²⁰⁶ Questionnaire to customers, question I.3.

²⁰⁷ Questionnaire to customers, question I.4.

²⁰⁸ Questionnaire to competitors, question I.3.

²⁰⁹ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

²¹⁰ Questionnaire to customers, question I.3.

²¹⁰ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

²¹¹ In Belgium, there are plausible markets for the supply of the following cheeses that are also affected: buffalo mozzarella, mascarpone and ricotta. However, even under the narrowest market definition, the increment from Ambrosi for these cheeses is insignificant (less than [volume] per cheese sold annually with less than [0-5]% market share). As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these markets.

- (192) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought about as a result of the concentration is immaterial; (ii) the Parties are not close competitors (Ambrosi does not manufacture gorgonzola and sells [volume] in Belgium, whilst Lactalis sells [volume] which it produces itself); (iii) Ambrosi’s brand is of no relevance with regard to gorgonzola; (iv) the Parties will continue to face strong competition from Igor, Galileo, Ciesa, Mauri, Casarrigoni, Vivaldi and Defendi; (v) there are no significant barriers to entry and expansion; (vi) retailers can easily switch suppliers; (vii) there is competitive pressure from suppliers of similar cheeses; and (viii) retailers have a strong bargaining power.²¹²
- (193) The Commission finds the following:
- (194) *First*, the increment added to Lactalis’ market share through the concentration is only [0-5]% (with only [volume] of gorgonzola supplied by Ambrosi in 2021), which results in an HHI delta of less than 150 (approx. [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.²¹³ The limited relevance of Ambrosi was confirmed by a competitor who stated that it “*does not consider [Ambrosi] as a strong competitor in Gorgonzola*”²¹⁴ and that it “*does not have any concerns in relation to the Gorgonzola market because Ambrosi sells Gorgonzola only in limited quantities and is not popular enough to create imbalances on the Gorgonzola market post-transaction.*”²¹⁵
- (195) *Second*, there are a number of alternative gorgonzola suppliers currently available to Belgian customers, notably Igor. In addition to this competitor cited by the Parties, the Commission found through the market investigation additional suppliers of gorgonzola in Belgium, namely Granarolo, Zanetti and Soster Fromaggi.²¹⁶
- (196) *Third*, the barriers to entry and expansion in the Belgian market for the supply of gorgonzola do not appear to be significant.
- (a) Ambrosi does not manufacture its own gorgonzola and does not have its own distribution infrastructure in Belgium but relies on third-party distributors.²¹⁷ This shows that it is possible to enter and expand in the supply of gorgonzola in Belgium without having specific distribution capabilities in Belgium and without having specific production capabilities for gorgonzola.
- (b) However, customers’ and competitors’ views on barriers to entry are not uniform. With regard to how easy or difficult it is for customers to start importing cheese from an Italian manufacturer not yet supplying to Belgium, a majority of customers that expressed an opinion held that it was “medium” in terms of level of difficulty.²¹⁸ By contrast, a majority of responding competitors believe that it would be difficult or very difficult for an Italian manufacturer of cheese not yet present in Belgium to start exporting cheese to Belgium. However, almost as many competitors held that it would be

²¹² Form CO, paragraph 727.

²¹³ Horizontal Merger Guidelines, paragraph 20.

²¹⁴ Minutes of a call with a competitor on 13 January 2023, paragraph 6.

²¹⁵ Minutes from a call with a competitor on 13 January 2023, paragraph 22.

²¹⁶ Questionnaire to competitors, question C.A.3.

²¹⁷ Form CO, paragraph 54; Response to PN RFI 4, paragraph 11.6.

²¹⁸ Questionnaire to customers, question H.A.D.1.

“easy” or “medium”.²¹⁹ Furthermore, the Gorgonzola Consortium stated that it would be “neutral” in terms of difficulty for an Italian manufacturer of gorgonzola not yet present in Belgium to begin exporting to Belgium.²²⁰

- (c) Nevertheless, a number of competitors of the Parties have indicated that, in case of an increase of the demand for gorgonzola, they have the capacity to increase exports or start exporting gorgonzola to the whole EEA.²²¹ This includes a competitor that is already supplying gorgonzola in Belgium.²²²
- (197) *Fourth*, switching suppliers of gorgonzola appears to be relatively easy from a logistical point of view since, due to the PDO label requirements, these products must all be produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors’ production sites in the same area without significant effort or costs. A competitor explained that it “normally uses distributors to sell its Gorgonzola abroad and either the distributor or the retailer puts together in one truck the products from different Italian suppliers to reduce their logistics costs.”²²³
- (198) *Fifth*, whilst some customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Belgium, this view was not shared by all customers, as the same number of customers indicated that the impact would be neutral.²²⁴ Furthermore, none of the customers who responded that the impact would be negative expressed concerns specifically with regard to the supply of branded gorgonzola to the modern retail channel in Belgium.²²⁵ Moreover, whilst a slight majority of the competitors indicated that the concentration would have a negative impact on the level of competition in Belgium, almost the same number of competitors held that it would be neutral or positive.²²⁶ Also, none of the competitors who responded that the impact would be negative expressed concerns specifically with regard to the supply of branded gorgonzola to the modern retail channel in Belgium.²²⁷ A competitor active in the supply of gorgonzola in Belgium stated that “the transaction does not raise any concerns and may be even positive for the Italian cheese industry.”²²⁸ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.²²⁹
- (199) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded PDO gorgonzola to the modern retail channel in Belgium.

²¹⁹ Questionnaire to competitors, question H.A.D.1.

²²⁰ Questionnaire to consortia, question G.E.1.

²²¹ Questionnaire to competitors, question H.M.9.

²²² Questionnaire to competitors, question C.A.3.

²²³ Minutes of a call with a competitor on 13 January 2023, paragraph 26.

²²⁴ Questionnaire to customers, question I.3.

²²⁵ Questionnaire to customers, question I.4.

²²⁶ Questionnaire to competitors, question I.3.

²²⁷ Questionnaire to competitors, question I.4.

²²⁸ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

²²⁹ Questionnaire to customers, question I.3.

²²⁹ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

6.3.2.2. Taleggio

- (200) The Parties' combined market share in the supply of PDO taleggio to the OOH channel in Belgium is [30-40]%, with an increment of [10-20]%. The Notifying Party has not attributed the remaining [60-70]% of the market shares to any specific other competitors.

Table 3: Market shares for taleggio in the OOH channel in Belgium (2021)

Competitor	Sales, tonnes	Market Share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[10-20]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Others	[...]	[60-70]%
Total sales	16	100%

Source: Parties' estimates.

- (201) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought about as a result of the concentration is modest; (ii) the size of the market is small (16.33 tonnes in 2021); (iii) the Parties are not close competitors (Ambrosi resells immaterial volumes of taleggio); (iv) the Parties will continue to face strong competition from Igor, Zanetti, Belometti, Bassi, Valcolatte, Chiodo, Latbri, Vivaldi, Del Monte, Casarrigoni, Caseificio Defendi Luigi, Arrigoni Battista, Latticini Brianza and Emilio Mauri (v) there are no significant barriers to entry and expansion; (vi) customers have the ability to switch suppliers; and (vii) there is competitive pressure from suppliers of similar cheeses;²³⁰
- (202) The Commission finds the following:
- (203) *First*, although the combined market share of the Parties is relatively high, there are a number of alternative taleggio suppliers currently available to Belgian customers, notably Igor and Zanetti.²³¹ In addition to these competitors cited by the Parties, the Commission found through the market investigation an additional supplier of taleggio in Belgium, Granarolo.²³²
- (204) *Second*, there is potential for new suppliers to come into the market for the supply of taleggio to the OOH channel in Belgium.
- (a) With 16.33 tonnes of taleggio sold in Belgium overall in 2021, the size of the market is small. Thus, also suppliers of taleggio with lower output volumes could satisfy the need for taleggio in Belgium. This also means that the Parties' market positioning is not entrenched, as limited sales would allow competitors to capture large portions of the market and since the switch of an important customer could reshuffle market shares.
- (b) Ambrosi does not manufacture taleggio and does not have its own distribution infrastructure in Belgium but relies on third-party distributors.²³³

²³⁰ The Notifying Party's reply to RFI 7, question 1, paragraph 1.1, and question 3, paragraph 3.1.

²³¹ Questionnaire to competitors, question C.A.3.

²³² Questionnaire to competitors, question C.A.3.

²³³ Form CO, paragraph 759; Response to PN RFI 4, paragraph 11.6.

This shows that it is possible to enter and expand in the supply of taleggio in Belgium without having specific distribution capabilities in Belgium and without having specific production capabilities for taleggio.

- (c) However, as mentioned above, customers' and competitors' views on barriers to entry are not uniform. With regard to how easy or difficult it is for customers to start importing cheese from an Italian manufacturer not yet supplying to Belgium, a majority of customers that expressed an opinion held that it was "medium" in terms of level of difficulty.²³⁴ By contrast, a majority of responding competitors believe it would be difficult or very difficult for an Italian manufacturer of cheese not yet present in Belgium to start exporting cheese to Belgium. However, almost as many competitors held that it would be "easy" or "medium".²³⁵
 - (d) Nevertheless, several competitors of the Parties have indicated that, in case of an increase of the demand for taleggio, they have the capacity to increase exports or start exporting taleggio to the whole EEA.²³⁶ This includes a competitor who is already supplying taleggio in Belgium.²³⁷
- (205) *Third*, from a logistical point of view, switching suppliers of taleggio appears to be relatively easy since, due to the PDO requirements, these products are produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (206) *Fourth*, whilst some customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Belgium, this view was not shared by all customers, as the same number of customers indicated that the impact would be neutral.²³⁸ Furthermore, none of the customers responding that the impact would be negative expressed concerns with regard to the supply of taleggio to the OOH channel in Belgium.²³⁹ Moreover, whilst a slight majority of the competitors indicated that the concentration would have a negative impact on the level of competition in Belgium, almost the same number of competitors held that it would be neutral or positive.²⁴⁰ Also, none of the competitors responding that the impact would be negative expressed concerns with regard to the supply of taleggio to the OOH channel in Belgium.²⁴¹ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.²⁴²
- (207) *Fifth*, significant suppliers active in the sale of taleggio in Belgium, namely Zanetti, Granarolo and Igor, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel. Hence, post-merger, with regard to Ho.Re.Ca customers, it appears as if the Parties

²³⁴ Questionnaire to customers, question H.A.D.1.

²³⁵ Questionnaire to competitors, question H.A.D.1.

²³⁶ Questionnaire to competitors, question H.M.9.

²³⁷ Questionnaire to competitors, question C.A.3.

²³⁸ Questionnaire to customers, question I.3.

²³⁹ Questionnaire to customers, question I.4.

²⁴⁰ Questionnaire to competitors, question I.3.

²⁴¹ Questionnaire to competitors, question I.4.

²⁴² Questionnaire to customers, question I.3.

²⁴² Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

would also face competitive constraint from competitors' selling to the modern retail channel in Belgium.²⁴³ In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of taleggio to the OOH channel in Belgium.

6.3.3. Croatia

(208) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in Croatia in relation to the cheese types Parmigiano Reggiano, Grana Padano, other Italian-type hard cheese and gorgonzola.²⁴⁴

6.3.3.1. Parmigiano Reggiano

(209) Based on the Parties' market share estimates, their combined market shares in volume in 2021 are: (i) [80-90]% for the modern retail channel ([80-90]% Lactalis and [0-5]% Ambrosi); and (ii) [20-30]% for the OOH channel ([10-20]% Lactalis and [0-5]% Ambrosi).

(210) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is modest; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible and well-established competitors including Zemaitijos Pienas, Parmareggio, Zarpellon, Paska Sirana, Latteria Soresina, Green Vie Foods, Biraghi, Meggle, Zanetti, Saviola, Interlat, Igor, Giglio, Colla, and Brazzale; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.²⁴⁵

6.3.3.1.1. All sales channels

(211) The following assessment applies irrespective of the sales channel considered.

(212) *First*, barriers to entry and expansion seem low in Croatia. The views of competitors on how easy or difficult entry into the Croatian market are not uniform. While two competitors consider entry difficult, three competitors consider it easy or very easy, including a major PDO Parmigiano Reggiano supplier in Croatia (Zanetti). Four others, three of which do not seem to be currently present in Croatia, consider it medium.²⁴⁶ For instance, another major PDO Parmigiano Reggiano supplier not yet active in Croatia, considers entry into Croatia to be neither easy nor difficult due to: (i) the competitiveness of the market; and (ii) the

²⁴³ Questionnaire to competitors, questions D.D.5-1 and C.A.3.

²⁴⁴ In Croatia, there are plausible markets for the supply of the following cheeses that are also technically affected: cow mozzarella and butter packets. However, even under the narrowest market definition, the increment from Ambrosi for these products is insignificant (less than [volume] per product sold annually with less than [0-5]% market share). As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these market.

²⁴⁵ Form CO, paragraph 968.

²⁴⁶ Questionnaire to competitors, question H.B.C.1.

presence of importers that purchase products directly from Italy.²⁴⁷ This evidences the possibility for Croatian customers to have access to various Italian suppliers.²⁴⁸ Similarly, a majority of customers that expressed an opinion held the level of difficulty for customer to begin importing cheese from an Italian manufacturer not yet present in Croatia to be very low or medium”.²⁴⁹

- (213) *Second*, from a logistical point of view, switching suppliers of PDO Parmigiano Reggiano appears to be relatively easy for Croatian customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors’ production sites in the same area without significant effort or costs.
- (214) *Third*, PDO Parmigiano Reggiano suppliers will have spare and increasing capacity to export their production, especially to small target markets such as Croatia. Namely, eight competitors of the Parties have indicated that, in case of an increase of the demand for PDO Parmigiano Reggiano, they have the capacity to increase exports or start exporting PDO Parmigiano Reggiano to new EEA countries.²⁵⁰ This includes significant PDO Parmigiano Reggiano suppliers not yet present in Croatia, such as Granarolo, Ferrari Giovanni or Boni. They would all be able to export PDO Parmigiano Reggiano to the whole EEA. Significant PDO Parmigiano Reggiano suppliers already present in Croatia, like Zanetti or Saviola would also have spare capacity to increase exports to the EEA, including Croatia.²⁵¹ In any case, Lactalis and Ambrosi have very low production shares in PDO Parmigiano Reggiano, leaving around [90-100]% available from other producers, as discussed in paragraph (16).
- (215) *Fourth*, the PDO Parmigiano Reggiano Consortium is very active in growing the markets for PDO Parmigiano Reggiano, and thus attracting new entrants, through promotional and marketing activities inside and, particularly, outside of Italy. This is also the case in Croatia, where according to a customer responding to the market investigation Colla for instance made its first entry into the Croatian market in the last three years, launching a Parmigiano Reggiano product.²⁵² Over 60% of the Parmigiano Reggiano Consortium’s total annual budget (i.e., over EUR 30 million) is intended for investments to support product knowledge and to promote its consumption. Almost 50% of the promotional budget is directed to foreign markets outside of Italy. The Consortium’s promotional activities are two-fold:
- (a) Direct relations with importers and retailers to develop projects aimed at promoting the PDO Parmigiano Reggiano label, the range of PDO Parmigiano Reggiano products available and to boost consumption of PDO Parmigiano Reggiano. These activities include promotional measures and advertising in stores and through media.

²⁴⁷ Questionnaire to competitors, question H.B.C.2.

²⁴⁸ Questionnaire to competitors, question H.B.C.2.

²⁴⁹ Questionnaire to customers, question H.B.D.1.

²⁵⁰ Questionnaire to competitors, question H.M.9.

²⁵¹ Questionnaire to competitors, question H.M.9.

²⁵² Questionnaire to customers, question H.B.D.3.

- (b) Direct trade marketing projects of operators/exporters are also promoted through grants given to PDO Parmigiano Reggiano suppliers and exporters.
- In 2023, the Consortium allocated EUR 500,000 to support projects aimed at developing the sale of PDO Parmigiano Reggiano in Italy and abroad, benefitting dairies engaged in direct sales. The requirements for the project included: (i) expansion of a given product or supplier to new sales channels, (e.g. Ho.Re.Ca), sales platforms (e.g. online sales) or customers; (ii) increase the range of products offered and their penetration at points of sale (in terms of format, aging, biodiversity, innovation); or (iii) enhancing the role of PDO Parmigiano Reggiano as a ‘characterising ingredient’ in new industrial products (e.g. filled pasta).²⁵³
 - In 2023, the Consortium launched another project to support, among other things, investments in communication and advertising campaigns both inside and outside of Italy. The objective was to promote awareness and increase the sales of PDO Parmigiano Reggiano.²⁵⁴
 - In 2023, the Consortium allocated a budget of EUR 1.5 million to support extraordinary projects targeting: (i) the Ho.Re.Ca, industrial and Normal Trade sales channels; and (ii) the retail channel in export markets, in order to “promote the distinctiveness and uniqueness of the PDO Parmigiano Reggiano product”.²⁵⁵
 - In 2023, additional EUR 1.5 million were allocated by the Consortium to support projects aimed at large-scale distribution channels, including the industrial channel, both in Italy and abroad. The aim was to promote the distinctiveness and uniqueness of PDO Parmigiano Reggiano. Some of the initiatives supported by this campaign directly targeted the export market. For instance, the campaign covered projects aimed at “extensively and emotionally communicat[ing] the values of Parmigiano Reggiano on all touchpoints in compliance with the guidelines. Support the role of protagonist/hero and not just of ingredient (only for foreign projects)”.²⁵⁶
 - Between 2017 and 2019, at least, the Consortium also carried out “Export Projects” with the aim of “promoting and increasing awareness of the product through the increase of sales volumes of Parmigiano Reggiano PDO cheese in foreign markets”. Support was provided both financially and through the Consortium’s Marketing Agencies abroad.²⁵⁷
- (216) *Fifth*, whilst some customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Croatia, this view was not shared by all customers, as the same number of customers indicated that the impact would be neutral.²⁵⁸ Furthermore, the majority of competitors that expressed an opinion indicated that the concentration would

²⁵³ See <https://www.parmigianoreggiano.com/it/consorzio-progetti-commerciali-vendite-dirette-2023>.

²⁵⁴ See <https://www.parmigianoreggiano.com/it/consorzio-progetti-vendite-dirette-2023>.

²⁵⁵ See <https://www.parmigianoreggiano.com/it/consorzio-progetti-progetti-straordinari-2023>.

²⁵⁶ See <https://www.parmigianoreggiano.com/it/consorzio-progetti-progetti-speciali-2023>.

²⁵⁷ See <https://www.parmigianoreggiano.com/consorzium-export-projects-2019>.

²⁵⁸ Questionnaire to customers, question I.3.

have a neutral impact on the level of competition in Croatia.²⁵⁹ None of the customers and competitors who responded that the impact would be negative have expressed concerns specifically with regard to the supply of PDO Parmigiano Reggiano in Croatia.²⁶⁰ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.²⁶¹

6.3.3.1.2. Modern retail channel

(217) With regard to the modern retail channel specifically, the Commission finds the following:

(218) *First*, while the combined market share of the Parties is high, the increment added by Ambrosi's market share through the concentration would be small at only [0-5]% (with only [volume] of PDO Parmigiano Reggiano supplied by Ambrosi in 2021). The concentration would result in an HHI delta of less than 150 (about [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.²⁶²

Table 4: Market shares for PDO Parmigiano Reggiano (branded + private label) in the modern retail channel in Croatia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[80-90]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[80-90]%</i>
Others	[...]	[10-20]%
Total sales	309	100%

Source: Parties' estimates.

(219) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors, in particular suppliers well established in the OOH sales channel. According to the data provided by the Parties, in 2021 they faced competition from strong suppliers of Italian-type hard cheeses like Parmareggio, Latteria Soresina, Zanetti, Saviola, and Colla. Croatian customers and competitors have confirmed that Zanetti is an important supplier of PDO Parmigiano Reggiano in Croatia and have also identified Trentin as a major supplier.²⁶³

(220) *Third*, in addition to the competitors cited by the Parties and by respondents in the market investigation, another Italian cheese supplier, Cepparo, submitted that it sells PDO Parmigiano Reggiano in Croatia.²⁶⁴

²⁵⁹ Questionnaire to customers, question I.3;

²⁶⁰ Questionnaire to customers, question I.4; Questionnaire to competitors, questions I.4.

²⁶¹ Questionnaire to customers, question I.3.

²⁶¹ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

²⁶² Horizontal Merger Guidelines, paragraph 20.

²⁶³ Questionnaire to customers, questions H.B.A.1 and H.B.A.2, questionnaire to competitors, questions H.B.A.1.

²⁶⁴ Questionnaire to competitors, question C.A.3-6.

- (221) *Fourth*, when asked who they would buy PDO Parmigiano Reggiano from if they could not buy from Lactalis, Croatian customers mentioned Zanetti and Colla as alternatives.²⁶⁵ The same suppliers, as well as Saviola, were identified by Croatian customers when asked who they would turn to in case they could not buy their PDO Parmigiano Reggiano from Ambrosi.²⁶⁶
- (222) *Fifth*, the few Croatian customers that expressed a view concerning the possibility to resort to imports in case of price increases for PDO Parmigiano Reggiano replied that they would likely start importing PDO Parmigiano Reggiano from alternative suppliers currently not offered in Croatia to offset the price increase.²⁶⁷

6.3.3.1.3. OOH channel

- (223) With regard to the OOH channel specifically, the Commission finds the following:
- (224) *First*, the combined market share of the Parties in this channel is moderate ([20-30]%) and below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.²⁶⁸
- (225) *Second*, the increment brought about by the concentration from Ambrosi is limited at only [0-5]% (with only about [volume] Parmigiano Reggiano sold to the OOH channel by Ambrosi in Croatia in 2021. The concentration would result in an HHI delta of substantially less than 150 (about [50-150] respectively). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.²⁶⁹

Table 5: Market shares for Parmigiano Reggiano in the OOH channel in Croatia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[80-90]%
Total sales	204	100%

Source: Parties' estimates.

- (226) *Third*, as in the case of the modern retail channel, the combined entity will continue to face significant competitive pressure from other competitors including Zanetti.²⁷⁰
- (227) *Fourth*, as explained in paragraph (212), barriers to entry and expansion seem low in Croatia.²⁷¹

²⁶⁵ Questionnaire to customers, question H.B.A.5-1.

²⁶⁶ Questionnaire to customers, question H.B.A.6-1.

²⁶⁷ Questionnaire to customers, question H.B.A.7.

²⁶⁸ Horizontal merger guidelines, paragraph 18.

²⁶⁹ Horizontal Merger Guidelines, paragraph 20.

²⁷⁰ Questionnaire to customers, questions H.B.A.1 and H.B.A.2, questionnaire to competitors, questions H.B.A.1.

²⁷¹ Questionnaire to customers, question H.B.A.7.

- (228) *Fifth*, when asked who they would buy PDO Parmigiano Reggiano from if they could not buy from Lactalis, Croatian customers mentioned Zanetti and Colla as alternatives.²⁷² The same suppliers, as well as Saviola, were identified by Croatian customers when asked who they would turn to in case they could not buy their PDO Parmigiano Reggiano from Ambrosi.²⁷³
- (229) *Sixth*, significant suppliers active in the sale of PDO Parmigiano Reggiano in Croatia, namely Zanetti and Trentin, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel. Hence, post-merger, the Parties would also face competition in the OOH channel in Croatia from competitors supplying the modern retail channel.²⁷⁴

6.3.3.1.4. Conclusions

- (230) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market as regards the market for the supply of PDO Parmigiano Reggiano in Croatia, irrespective of the sales channel.

6.3.3.2. Grana Padano

- (231) Based on the Parties' market share estimates, their combined market share in volume in 2021 is [20-30]% for the modern retail channel ([10-20]% Lactalis and [5-10]% Ambrosi).

Table 6: Market shares for PDO Grana Padano (branded + private label) in the modern retail channel in Croatia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	62	100%

Source: Parties' estimates.

- (232) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is modest; (ii) the size of the market is small; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible and well-established competitors including Zemaitijos Pienas, Parmareggio, Zarpellon, Paska Sirana, Latteria Soresina, Green Vie Foods, Biraghi, Meggle, Zanetti, Saviola, Interlat, Igor, Giglio, Colla, and Brazzale; (v) the Parties cannot control the production of PDO Italian-type hard cheeses; (vi) retailers can

²⁷² Questionnaire to customers, question H.B.A.5-1.

²⁷³ Questionnaire to customers, question H.B.A.6-1.

²⁷⁴ Questionnaire to competitors, question D.D.5-1.

easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.²⁷⁵

- (233) The Commission finds the following:
- (234) *First*, the combined market share of the Parties in this channel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.²⁷⁶
- (235) *Second*, the increment brought by Ambrosi is due to *minimal* sales of PDO Grana Padano in Croatia in 2021 ([volume]).
- (236) *Third*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. According to the data provided by the Parties, in 2021 they faced competition from strong suppliers of Italian-type hard cheeses like Parmareggio, Latteria Soresina, Zanetti, Saviola, and Colla. Croatian customers and competitors have confirmed that Zanetti and Latteria Soresina are important suppliers of PDO Grana Padano in Croatia,²⁷⁷ and have additionally identified Trentin as a main supplier.²⁷⁸
- (237) *Fourth*, in addition to the competitors cited by the Parties and by respondents in the market investigation, another Italian cheese supplier, Cepparo, submitted that it sells PDO Grana Padano in Croatia.²⁷⁹
- (238) *Fifth*, barriers to entry and expansion seem low in Croatia also for PDO Grana Padano. On the one hand, as explained in the previous section, the views of competitors on how easy or difficult entry into the Croatian market are not uniform. While two competitors consider entry difficult, three competitors consider it easy or very easy, including two suppliers that do not seem to be currently active in Croatia and a major PDO Grana Padano supplier in Croatia (Zanetti). Four others, three of which do not seem to be currently present in Croatia, consider it medium.²⁸⁰ For instance, another major PDO Grana Padano supplier not yet active in Croatia, considers entry into Croatia to be neither easy nor difficult due to: (i) the competitiveness of the market; and (ii) the presence of importers that purchase products directly from Italy.²⁸¹ This evidences the possibility for Croatian customers to have access to various suppliers. Similarly, a majority of customers that expressed an opinion held that the level of difficulty for customer to begin importing cheese from an Italian manufacturer not yet present in Croatia is very low or medium.²⁸² On the other hand, with only 62.4 tonnes of PDO Grana Padano sold in Croatia overall in 2021, according to the Parties' estimate, the size of the market is small. Thus, also suppliers of PDO Grana Padano with lower output volumes could satisfy the need for this product in Croatia.
- (239) *Sixth*, from a logistical point of view, switching suppliers of PDO Grana Padano appears to be relatively easy for Croatian customers since, due to the PDO

²⁷⁵ Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

²⁷⁶ Horizontal Merger Guidelines, paragraph 18.

²⁷⁷ Questionnaire to competitors, question H.B.B.1.

²⁷⁸ Questionnaire to customers, question H.B.C.1.

²⁷⁹ Questionnaire to competitors, question C.A.3-6.

²⁸⁰ Questionnaire to competitors, question H.B.C.1.

²⁸¹ Questionnaire to competitors, question H.B.C.2.

²⁸² Questionnaire to customers, question H.B.D.1.

requirements, these products are all produced in a reduced area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.

- (240) *Seventh*, six competitors of the Parties have indicated that, in case of an increase of the demand for PDO Grana Padano, they have the capacity to increase exports or start exporting PDO Grana Padano to new EEA countries.²⁸³ This includes significant PDO Grana Padano suppliers not yet present in Croatia, such as Boni, Saviola or Ferrari Giovani. They would all be able to export PDO Grana Padano to the whole EEA. Zanetti would also have spare capacity to increase its exports of PDO Grana Padano to the EEA, including Croatia, in case of a demand increase.²⁸⁴
- (241) *Eighth*, the PDO Grana Padano Consortium also plays an important role in growing the markets for PDO Grana Padano and thus attracting new entrants by promoting this product outside of Italy, including in the EEA. This is also the case in Croatia, where Colla for instance made its first entry into the Croatian market in recent years, selling a range of Italian-type hard cheeses including Grana Padano.²⁸⁵ The aim is to increase the knowledge about the product and its consumption abroad. The Consortium's overall marketing budget, for Italy and abroad, is EUR 43 million for 2023 and includes extensive promotional campaigns through various media and across several countries. The target countries for 2023 include several EEA countries such as Germany, France, Spain and Belgium.
- (242) *Ninth*, whilst some customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Croatia, this view was not shared by all customers, as the same number of customers indicated that the impact would be neutral.²⁸⁶ Furthermore, the majority of competitors that expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Croatia.²⁸⁷ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.²⁸⁸
- (243) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Grana Padano to the modern retail channel in Croatia.

6.3.3.3. Other Italian-type hard cheese

- (244) Based on the Parties' market share estimates, their combined market shares in volume in 2021 are: (i) [40-50]% for the modern retail channel ([40-50]% Lactalis

²⁸³ Questionnaire to competitors, question H.M.9.

²⁸⁴ Questionnaire to competitors, question H.M.9.

²⁸⁵ Questionnaire to customers, question H.B.D.3.; <https://ponuda.metro-cc.hr/shop/pv/BTY-X257388/0032/0021/COLLA-GRANA-PADANO-CCA-2KG>.

²⁸⁶ Questionnaire to competitors, question I.3.

²⁸⁷ Questionnaire to customers, question I.3;

²⁸⁸ Questionnaire to customers, question I.3.

²⁸⁸ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

and [0-5]% Ambrosi); and (ii) [20-30]% for the industrial and Ho.Re.Ca channel ([20-30]% Ambrosi and [0-5]% Lactalis).

- (245) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is modest; (ii) the size of the market is small; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible and well-established competitors including Zemaitijos Pienas, Parmareggio, Zarpellon, Paska Sirana, Latteria Soresina, Green Vie Foods, Biraghi, Meggle, Zanetti, Saviola, Interlat, Igor, Giglio, Colla, and Brazzale; (v) the Parties cannot control the production of PDO Italian-type hard cheeses; (vi) retailers can easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.²⁸⁹

6.3.3.3.1. All sales channels

- (246) The following assessment applies irrespective of the sales channel considered.
- (247) *First*, barriers to entry and expansion seem low in Croatia also for other Italian-type hard cheese. As explained in Section 6.3.3.1.1, the views of competitors on how easy or difficult entry into the Croatian market are not uniform. While two competitors consider entry difficult, three competitors consider it easy or very easy, including two suppliers that do not seem to be currently active in Croatia and a major supplier of other Italian-type hard cheeses (Zanetti). Four others, three of which do not seem to be currently present in Croatia, consider it medium.²⁹⁰ Similarly, a majority of customers that expressed an opinion held that the level of difficulty for customers to begin importing cheese from an Italian manufacturer not yet present in Croatia is very low or medium.²⁹¹
- (248) *Second*, five competitors of the Parties have indicated that, in case of an increase of the demand for other Italian-type hard cheeses, they have the capacity to increase exports or start exporting other Italian-type hard cheeses to new EEA countries.²⁹² This includes significant suppliers of other Italian-type hard cheeses not yet present in Croatia, such as Granarolo, Saviola or Boni. They would all be able to export other Italian-type hard cheeses to the whole EEA. Zanetti, a significant supplier of other Italian-type hard cheeses in Croatia, and Biraghi would also have spare capacity to increase exports to the EEA, including Croatia.²⁹³
- (249) *Third*, whilst some customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Croatia, this view was not shared by all customers, as the same number of customers indicated that the impact would be neutral.²⁹⁴ Furthermore, the majority of competitors that expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the supply of Italian cheese in Croatia.²⁹⁵ In addition, a majority of customers and competitors having expressed

²⁸⁹ Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

²⁹⁰ Questionnaire to competitors, question H.B.C.1.

²⁹¹ Questionnaire to customers, question H.B.D.1.

²⁹² Questionnaire to competitors, question H.M.9.

²⁹³ Questionnaire to competitors, question H.M.9.

²⁹⁴ Questionnaire to competitors, question I.3.

²⁹⁵ Questionnaire to customers, question I.3;

an opinion held that the concentration would have a neutral impact on their companies.²⁹⁶

6.3.3.3.2. Modern retail channel

(250) With respect to the modern retail channel specifically, the Commission finds the following:

(251) *First*, Ambrosi had minimal sales of Parmigiano Reggiano in Croatia in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Lactalis' market share of [40-50]%. The concentration would result in an HHI delta of substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.²⁹⁷

Table 7: Market shares for other Italian-type hard cheese (branded + private label) in the modern retail channel in Croatia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Others	[...]	[50-60]%
Total sales	107	100%

Source: Parties' estimates.

(252) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. According to the data provided by the Parties, in 2021 they faced competition from strong suppliers of Italian-type hard cheeses like Parmareggio, Latteria Soresina, Zanetti, Saviola, and Colla. Croatian customers and competitors have also identified number of additional suppliers of other Italian-type hard cheese in Croatia, namely: Biraghi, the Euroser Dairy Group and Trentin.²⁹⁸

(253) *Third*, in addition to competitors cited by the Parties and by customers and competitors, Cepparo also submitted that they sell other Italian-type hard cheese in Croatia.²⁹⁹

6.3.3.3.3. OOH channel

(254) With respect to the OOH channel specifically, the Commission finds the following:

(255) *First*, the combined market share of the Parties in this channel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.³⁰⁰

²⁹⁶ Questionnaire to customers, question I.3.

²⁹⁶ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

²⁹⁷ Horizontal Merger Guidelines, paragraph 20.

²⁹⁸ Questionnaire to customers, question H.B.C.2, questionnaire to competitors, question H.B.C.2.

²⁹⁹ Questionnaire to competitors, question C.A.3-6.

³⁰⁰ Horizontal Merger Guidelines, paragraph 18.

(256) *Second*, Lactalis had minimal sales of other Italian-type hard cheeses in Croatia in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Ambrosi's moderate market share of [20-30]%. The concentration would result in an HHI delta of substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.³⁰¹

Table 8: Market shares for other Italian-type hard cheese in the OOH channel in Croatia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	[...]	[20-30]%
Others	[...]	[70-80]%
Total sales	71	100%

Source: Parties' estimates.

(257) *Third*, as in the case of the modern retail channel, the combined entity will continue to face significant competitive pressure from other competitors including Zanetti.³⁰²

(258) *Fourth*, based on the investigation the Commission finds that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca specifically, as confirmed by a significant supplier already active in the sale of other Italian-type hard cheese in Croatia.³⁰³

6.3.3.3.4. Conclusions

(259) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of other Italian-type hard cheese in Croatia, irrespective of the sales channel.

6.3.3.4. Gorgonzola

(260) The Parties' combined market share in the supply of branded gorgonzola to the modern retail channel in Croatia is [40-50]%, with an increment of [0-5]%. The Notifying Party has not attributed the remaining [50-60]% of the market shares to any specific other competitors.

³⁰¹ Horizontal Merger Guidelines, paragraph 20.

³⁰² Questionnaire to customers, question H.B.C.2, questionnaire to competitors, questions H.B.C.2. and C.A.3-6.

³⁰³ Questionnaire to competitors, question D.D.5-1.

Table 9: Market shares for gorgonzola (branded) in the modern retail channel in Croatia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[40-50]%
Others	[...]	[50-60]%
Total sales	31	100%

Source: Parties' estimates.

- (261) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought by the concentration is minimal; (ii) the market dimension is small (only 37.17 tonnes in 2021); (iii) there is no closeness of competition; (iv) the Parties will continue to face competition from other suppliers of gorgonzola in Croatia, such as Zanetti, Ballarini and Euroser; (v) there is competitive pressure from suppliers of other similar Italian cheeses; (vi) there are no significant barriers to entry and expansion in terms of costs and time; and (vii) retailers have a strong bargaining power (e.g. Kaufland, Konzum Plus, Plodine, Tommy, Spar, Studenac, Lidl, Metro, and Ribola).³⁰⁴
- (262) The Commission finds the following:
- (263) *First*, although the combined market share of the Parties is relatively high, the increment added to Lactalis' market share through the concentration would be limited to [0-5]%. The limited relevance of Ambrosi in this regard is confirmed by a competitor who stated that it “does not consider [Ambrosi] as a strong competitor in Gorgonzola”³⁰⁵ and that it “does not have any concerns in relation to the Gorgonzola market because Ambrosi sells Gorgonzola only in limited quantities and is not popular enough to create imbalances on the Gorgonzola market post-transaction.”³⁰⁶
- (264) *Second*, the Parties will continue to face competition from other suppliers of gorgonzola in Croatia. Igor, Dukat, Vindija and Metro Cash & Carry were identified in the market investigation as main suppliers of gorgonzola to retailers in Croatia.³⁰⁷ Cepparo and Zanetti have also indicated that they are supplying gorgonzola in Croatia.³⁰⁸
- (265) *Third*, the barriers to entry and expansion in the supply of gorgonzola in Croatia do not appear to be significant.
- (a) With only 37.17 tonnes of gorgonzola sold in Croatia overall in 2021, the size of the market is small. Thus, also suppliers of gorgonzola with lower output volumes could satisfy the need for gorgonzola in Croatia. This also means that the Parties' market positioning is not entrenched, as limited sales

³⁰⁴ Form CO, paragraph 971; The Notifying Party's response to RFI 8, question 2, paragraph 2.1.

³⁰⁵ Minutes of a call with a competitor on 13 January 2023, paragraph 6.

³⁰⁶ Minutes from a call with a competitor on 13 January 2023, paragraph 22.

³⁰⁷ Questionnaire to customers, question H.B.B.1; Questionnaire to competitors, question H.B.B.4.

³⁰⁸ Questionnaire to competitors, question C.A.3.

would allow competitors to capture large portions of the market and since the switch of an important customer could reshuffle market shares.

- (b) Furthermore, Ambrosi does not manufacture gorgonzola and does not have its own distribution infrastructure in Croatia but relies on third-party distributors.³⁰⁹ This shows that it is possible to enter and expand the supply of gorgonzola in Croatia without having specific distribution capabilities in Croatia and without having specific production capabilities for gorgonzola.
 - (c) As explained above, the views of competitors on how easy or difficult it is to enter the Croatian market are not uniform. While two competitors consider entry difficult, three competitors consider it easy or very easy, including two suppliers that do not seem to be currently active in Croatia. Four others, three of which do not seem to be currently present in Croatia, consider it medium.³¹⁰ For instance, a supplier not yet active in Croatia considers entry into Croatia to be neither easy nor difficult due to: (i) the competitiveness of the market; and (ii) the presence of importers that purchase products directly from Italy.³¹¹ This evidences the possibility for Croatian customers to have access to various suppliers. Similarly, a majority of customers that expressed an opinion held that the level of difficulty for customer to begin importing cheese from an Italian manufacturer not yet present in Croatia is very low or medium.³¹²
 - (d) Several competitors of the Parties have indicated that, in case of an increase of the demand for gorgonzola, they have the capacity to increase exports or start exporting gorgonzola to the whole EEA.³¹³
- (266) *Fourth*, switching suppliers of gorgonzola appears to be relatively easy from a logistical point of view since, due to the PDO requirements, these products are all produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs. A competitor explained that it "*normally uses distributors to sell its Gorgonzola abroad and either the distributor or the retailer puts together in one truck the products from different Italian suppliers to reduce their logistics costs.*"³¹⁴
- (267) *Fifth*, whilst some customers indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Croatia, this view was not shared by all customers, as the same number of customers indicated that the impact would be neutral.³¹⁵ When the customers were asked about why the impact would be negative in Croatia, concerns were expressed about other types of cheeses and there was no mention of gorgonzola.³¹⁶ Furthermore, the majority of competitors that expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the

³⁰⁹ Form CO, paragraph 54; Response to PN RFI 4, paragraph 11.6.

³¹⁰ Questionnaire to competitors, question H.B.C.1.

³¹¹ Questionnaire to competitors, question H.B.C.2.

³¹² Questionnaire to customers, question H.B.D.1.

³¹³ Questionnaire to competitors, question H.M.9.

³¹⁴ Minutes of a call with a competitor on 13 January 2023, paragraph 26.

³¹⁵ Questionnaire to competitors, question I.3.

³¹⁶ Questionnaire to customers, question I.4.

supply of Italian cheese in Croatia.³¹⁷ Also, none of the competitors responding that the impact would be negative expressed concerns specifically with regard to the supply of branded gorgonzola to the modern retail channel.³¹⁸ A gorgonzola competitor active in Croatia indicated that the concentration could have a positive effect, stating that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry.*”³¹⁹ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.³²⁰

(268) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded gorgonzola to the modern retail channel in Croatia.

6.3.4. Denmark

(269) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Denmark: Parmigiano Reggiano, Grana Padano, Pecorino Romano, other Italian-type hard cheese, cow mozzarella, buffalo mozzarella, mascarpone and ricotta.

6.3.4.1. Parmigiano Reggiano

(270) Both Lactalis and Ambrosi supply PDO Parmigiano Reggiano to the modern retail channel in Denmark. Based on the Parties’ market share estimates, their combined market share in volume in 2021 is [80-90]% ([60-70]% Lactalis and [20-30]% Ambrosi).

Table 10: Market shares for Parmigiano Reggiano (branded + private label) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[60-70]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	<i>[...]</i>	<i>[80-90]%</i>
Others	[...]	[10-20]%
Total sales	279	100%

Source: Parties’ estimates.

(271) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market is expanding; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Granarolo and Trentin; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can

³¹⁷ Questionnaire to customers, question I.3;

³¹⁸ Questionnaire to competitors, question I.4.

³¹⁹ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

³²⁰ Questionnaire to customers, question I.3.

³²⁰ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.³²¹

- (272) High combined market shares such as those found in the present market, [80-90]%, are normally a *prima facie* indicator that the Parties' have significant market power. However, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to Parmigiano Reggiano in Denmark. In particular, the Commission has examined the following factors:
- (273) *First*, the Parties' estimates may overestimate their market position, in light of the results of the market investigation. While the views of customers differ on the estimated combined market share of the Parties for the supply of PDO Parmigiano Reggiano in Denmark, customers consider that the combined market share does not exceed [60-70]% and some customers mention a share as low as [40-50]%.³²²
- (274) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors currently active in the Danish market.
- (275) There are a number of alternative cheese suppliers currently available to Danish customers. Namely, a considerable volume of Lactalis' sales in Denmark correspond to the resale of a competitor's products. In 2021, [20-30]% of its sales of PDO Parmigiano Reggiano in Denmark were Zanetti's products. According to customers and competitors, Zanetti's products are known to Danish customers and successfully sold in this country³²³ and could thus act as a strong independent competitor to the Parties in this market should they decide to raise the price of Parmigiano Reggiano in Denmark post-transaction. To this end, Zanetti confirms that its products are well recognised by consumers in Denmark and claims that it would not be problematic, time-consuming or costly to find an alternative distributor for the Danish market, other than Lactalis.³²⁴
- (276) In addition to the Parties and Zanetti (through Lactalis' distribution network), another Italian supplier, Savencia, also supplies limited quantities of PDO Parmigiano Reggiano in Denmark³²⁵ and is considered by some customers as the main alternative to Lactalis in Denmark.³²⁶ An additional significant supplier of PDO Parmigiano Reggiano, Granarolo, has also submitted that it sells this product in Denmark.³²⁷ Danish customers have also identified Wenersson, which distributes

³²¹ Form CO, paragraph 774.

³²² Questionnaire to customers, questions H.C.A.3 and H.C.A.4.

³²³ Minutes of the calls with a customer on 3 February 2023, para. 10, and with a competitor on 4 January 2023, paras. 4 and 14.

³²⁴ Minutes of the call with a competitor on 4 January 2023, para. 29.

³²⁵ Minutes of the call with a customer on 3 February 2023, para. 21.

³²⁶ Questionnaire to customers, question H.C.A.5-1.

³²⁷ Questionnaire to competitors, question C.A.3-6.

Parmareggio's PDO Parmigiano Reggiano in the Nordics,³²⁸ as a main supplier of PDO Parmigiano Reggiano in Denmark.³²⁹

- (277) *Third*, a number of strong competitors of the Parties are active in the supply of PDO Parmigiano Reggiano in neighbouring markets (Norway, Sweden, Finland and Germany) and could enter the Danish market. On the one hand, a majority of competitors submit that there are no or no particularly significant differences between consumer preferences and conditions of competition for the supply of Italian cheeses across Denmark, Sweden, Norway and Finland.³³⁰ On the other hand, although the views of market participants are not uniform, a slight majority of respondents submit that, in the event of a lasting and significant (5-10%) increase in the wholesale price for PDO Parmigiano Reggiano in Denmark, customers are likely or very likely to start importing PDO Parmigiano Reggiano from alternative suppliers currently not supplying in Denmark.³³¹ PDO Parmigiano Reggiano competitors active in neighbouring countries include: (i) in Germany, Granarolo, Zanetti, Ferrari Giovanni, Cepparo and Produttori latte associate Cremona Soc. Coop.; (ii) in Sweden, Granarolo, Zanetti and Tine; and (iii) in Norway, Zanetti; (iv) in Finland, Ferrari Giovani, Produttori latte associati Cremona, Granarolo and Zanetti.³³² Namely, Tine confirms that it would be easy to enter the Danish market³³³ and Zanetti submits that it would not be problematic, time-consuming or costly to find an alternative distributor for the Danish market.³³⁴
- (278) *Fourth*, Parmigiano Reggiano suppliers will have spare and increasing capacity to export their production. Namely, eight competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Parmigiano Reggiano across the EEA, including Denmark, should there be an increase in demand.³³⁵ This includes significant PDO Parmigiano Reggiano suppliers not yet present in Denmark, such as Ferrari Giovanni, Saviola or Boni. They would all be able to export PDO Parmigiano Reggiano to the whole EEA. Significant PDO Parmigiano Reggiano suppliers already present in Denmark, like Zanetti or Granarolo would also have spare capacity to increase exports to the EEA, including Denmark.³³⁶ According to a main retail distributor in Denmark, it would also be easy for Parmareggio, an important competitor not yet present in Denmark, to enter the market and eventually replace Ambrosi's volumes post-concentration.³³⁷
- (279) *Fifth*, when asked who they would buy PDO Parmigiano Reggiano from if they could not buy from Lactalis, Danish customers mentioned Wenersson (distributing Parmareggio's products in Denmark, Sweden, Norway and Finland), Zanetti and Savencia as alternatives.³³⁸ The same suppliers were identified by Danish

³²⁸ See <https://www.wenerssonost.se/produkt/355/parmigiano-reggiano-flagor?from=13>.

³²⁹ Questionnaire to customers, question H.C.A.1.

³³⁰ Questionnaire to competitors, question F.5.

³³¹ Questionnaire to customers, question H.C.A.7, questionnaire for suppliers and competitors, question H.C.A.6.

³³² Questionnaire to competitors, question C.A.3-6.

³³³ Questionnaire to competitors, question H.C.H.1.

³³⁴ Minutes of the call with a competitor on 4 January 2023, para. 29.

³³⁵ Questionnaire to competitors, question H.M.9.

³³⁶ Questionnaire to competitors, question H.M.9.

³³⁷ Minutes of the call with a competitor on 16 January 2023, paras. 20-21.

³³⁸ Questionnaire to customers, question H.C.A.5-1.

customers when asked who they would turn to in case they could not buy their PDO Parmigiano Reggiano from Ambrosi.³³⁹

- (280) *Sixth*, the few Danish customers that expressed a view concerning the possibility to resort to imports in case of price increases for PDO Parmigiano Reggiano replied that they would likely start importing Parmigiano Reggiano from alternative suppliers currently not supplying in Denmark to offset the price increase.³⁴⁰
- (281) *Seventh*, barriers to entry and expansion do not seem particularly high in Denmark:
- (a) The views of market participants on how easy or difficult entry into the Danish market is are not uniform. While five competitors and customers consider entry difficult or very difficult, five other customers consider it easy. Five other customers and competitors consider it medium.³⁴¹ Namely, a customer explained that it would be easy: (i) for distributors in Denmark to “import” Parmigiano Reggiano products sold in neighbouring countries, namely Sweden; and (ii) for Italian suppliers of these products to use the same distributor in several Nordic countries.³⁴² Zanetti in particular, while it submits that the difficulty level to enter the Danish market is medium, also claims that it would not be problematic, time-consuming or costly to find an alternative distributor for the Danish market.³⁴³
 - (b) Despite the small size of the Danish cheese market, entry still seems commercially attractive and cost-efficient given that cheese suppliers do not need to: (i) pay for a whole truck to transport the products all the way to Denmark from Italy; or (ii) fill up the truck with cheese products. This is the case since it seems that in Denmark it is common practice for wholesalers to import a whole portfolio of Italian specialty products (olive oil, pasta, PDO cheese, etc.) given the overall small size of this market.³⁴⁴ Logistically it is easy for them to source Parmigiano Reggiano from alternative small suppliers. Hence, even suppliers of Parmigiano Reggiano with lower output volumes or economic constraints could satisfy the needs of Danish wholesalers or to replace Ambrosi’s sales volume ([volume] in 2021).
 - (c) It also appears that finding a Danish distributor is not a high barrier to enter the Danish market for Italian cheese suppliers. A market participant also highlighted the intermediation role of the Italian embassy in Denmark, which facilitates the expansion of Italian businesses into the Nordic countries, often by putting Italian manufacturers in contact with Danish distributors.³⁴⁵
 - (d) As explained in paragraph (215), the PDO Parmigiano Reggiano Consortium is also very active in growing the markets for Parmigiano Reggiano and thus attracting new entrants, by promoting the knowledge and use of PDO Parmigiano Reggiano abroad, including through financial contributions to suppliers targeting the export markets, as well as direct relations with importers and retailers to develop projects aimed at promoting the PDO

³³⁹ Questionnaire to customers, question H.C.A.6-1.

³⁴⁰ Questionnaire to customers, question H.C.A.7.

³⁴¹ Questionnaire to customers, question H.C.A.1, questionnaire to competitors, question H.C.A.1.

³⁴² Minutes of the call with a customer on 3 February 2023, para. 16.

³⁴³ Minutes of the call with a competitor on 4 January 2023, para. 29.

³⁴⁴ Minutes of the calls with a competitor on 16 January 2023, para. 21, with a customer on 3 February 2023, para. 23.

³⁴⁵ Minutes of the calls with a customer on 3 February 2023, para. 23.

Parmigiano Reggiano label, the range of PDO Parmigiano Reggiano products available and to boost consumption of PDO Parmigiano Reggiano.

- (282) *Eighth*, from a logistical point of view, switching suppliers of PDO Parmigiano Reggiano appears to be relatively easy for Danish customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (283) *Ninth*, Lactalis' approach to previous acquisitions shows that it keeps the distribution system of its subsidiaries separate post-concentration. For instance, after its acquisition, Lactalis maintained Nuova Castelli's distribution network separate³⁴⁶ and, particularly in Denmark, Nuova Castelli seems to use an independent distributor and not Lactalis' network.³⁴⁷ Hence, judging by Lactalis' approach to previous acquisitions, any concerns around Ambrosi potentially ceasing to supply Danish distributors in favour of Lactalis' distribution network do not seem likely.
- (284) *Tenth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.³⁴⁸ None of the customers and competitors who responded that the impact would be negative have expressed concerns specifically with regard to the supply of PDO Parmigiano Reggiano in Denmark.³⁴⁹
- (285) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Parmigiano Reggiano to the modern retail channel in Denmark.

6.3.4.2. Grana Padano

- (286) Based on the Parties' market share estimates, their combined market share in volume in 2021 is [90-100]% for the modern retail channel ([70-80]% Lactalis and [20-30]% Ambrosi).

³⁴⁶ Minutes of the call with a competitor on 13 January 2023, para. 24; with a customer on 3 February 2023, para. 28; with a competitor on 4 January 2023, para. 8.

³⁴⁷ Minutes of the call with a competitor on 4 January 2023, para. 8.

³⁴⁸ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

³⁴⁹ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

Table 11: Market shares for PDO Grana Padano (branded + private label) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[70-80]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	<i>[...]</i>	<i>[90-100]%</i>
Others	[...]	[0-5]%
Total sales	528	100%

Source: Parties' estimates.

- (287) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market is expanding; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Granarolo and Trentin; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.³⁵⁰
- (288) High combined market shares such as those found in the present market, [90-100]%, are normally a *prima facie* indicator that the Parties' have significant market power. However, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to PDO Grana Padano in Denmark. In particular, the Commission has examined the following factors:
- (289) *First*, the Parties' estimates may overestimate their market position, in light of the results of the market investigation. While the views of customers differ on the estimated combined market share of the Parties for the supply of PDO Grana Padano, some customers consider that the combined market share does not exceed 50%.³⁵¹
- (290) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors currently active in the market.
- (291) There are a number of alternative cheese suppliers currently available to Danish customers. Most of Lactalis' sales of PDO Grana Padano in Denmark correspond to the resale of competitors' products. Namely, in 2021, [70-80]% of its sales of PDO Grana Padano in Denmark were Zanetti's products. According to market participants, Zanetti's products are known to Danish customers and successfully

³⁵⁰ Form CO, paragraph 774.

³⁵¹ Questionnaire to customers, questions H.C.B.3 and H.C.B.4.

sold in this country³⁵² and could thus act as a strong independent competitor to the Parties in this market should they decide to raise the price of PDO Grana Padano in Denmark post-transaction. To this end, Zanetti confirms that its products are well recognised by consumers in Denmark and claims that it would not be problematic, time-consuming or costly to find an alternative distributor for the Danish market, other than Lactalis.³⁵³

- (292) In addition to the Parties and Zanetti (through Lactalis' distribution network), an additional significant supplier of PDO Grana Padano, Granarolo, has also submitted that it sells this product in Denmark.³⁵⁴ Other PDO Grana Padano suppliers, Tine SA and Produttori latte associati Cremona, have also confirmed that they sell this product in Denmark. Danish customers have also identified Wenersson, which distributes in the Nordic countries the PDO Grana Padano of Michelangelo,³⁵⁵ as a main supplier of PDO Grana Padano in Denmark.³⁵⁶
- (293) *Third*, a number of strong competitors of the Parties are active in the supply of PDO Grana Padano in neighbouring markets (Norway, Sweden, Finland and Germany) and could easily and promptly enter the Danish market. On the one hand, a majority of competitors submit that there are no or no particularly significant differences between consumer preferences and conditions of competition for the supply of Italian cheeses across Denmark, Sweden, Norway and Finland.³⁵⁷ On the other hand, a majority of respondents submit that, in the event of a lasting and significant (5-10%) increase in the wholesale price for PDO Grana Padano in Denmark customers are likely or very likely to start importing PDO Grana Padano from alternative suppliers currently not supplying in Denmark.³⁵⁸ PDO Grana Padano competitors active in neighbouring countries include: (i) in Germany, Zanetti, Ferrari Giovanni, Cepparo, Produttori latte associate Cremona and Soster Formaggi; (ii) in Sweden, Granarolo, Zanetti, Tine and Produttori latte associate Cremona; (iii) in Norway, Zanetti and (iii) in Finland, Ferrari Giovanni, Produttori latte associati Cremona, Granarolo and Zanetti.³⁵⁹
- (294) *Fourth*, six competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Grana Padano across the EEA, including Denmark, should there be an increase in demand.³⁶⁰ This includes significant PDO Grana Padano suppliers not yet present in Denmark, such as Saviola or Boni. They would all be able to export PDO Grana Padano to the whole EEA. Significant PDO Grana Padano suppliers already present in Denmark would also have spare capacity to increase exports to the EEA, including Denmark.³⁶¹ One major supplier explained that it is in the process of

³⁵² Minutes of the calls with a customer on 3 February 2023, para. 10, and with a competitor on 4 January 2023, paras. 4 and 14.

³⁵³ Minutes of the call with a competitor on 4 January 2023, para. 29.

³⁵⁴ Questionnaire to competitors, question C.A.3-6.

³⁵⁵ See [Grana Padano Michelangelo as Wenersson Ost](#).

³⁵⁶ Questionnaire to customers, question H.C.B.1.

³⁵⁷ Questionnaire to competitors, question F.5.

³⁵⁸ Questionnaire to customers, question H.C.B.7, questionnaire for suppliers and competitors, question H.C.B.6.

³⁵⁹ Questionnaire to competitors, question C.A.3-6.

³⁶⁰ Questionnaire to competitors, question H.M.9.

³⁶¹ Questionnaire to competitors, question H.M.9.

expanding its production capacity for the manufacture of PDO Grana Padano by 15%-20% to respond to demand increases in recent years.³⁶²

- (295) *Fifth*, when asked who they would buy PDO Grana Padano from if they could not buy from Lactalis, Danish customers mentioned Wenersson (distributing Michelangelo's products in the Nordic countries), Zanetti and Savencia as alternatives.³⁶³ Zanetti and Savencia were also identified by Danish customers when asked who they would turn to in case they could not buy their PDO Grana Padano from Ambrosi.³⁶⁴
- (296) *Sixth*, the few Danish customers that expressed a view concerning the possibility to resort to imports in case of a lasting and significant (5-10%) price increase for PDO Grana Padano mostly replied that they would likely or very likely import PDO Grana Padano from a supplier not yet present in Denmark to offset the price increase.³⁶⁵
- (297) *Seventh*, barriers to entry and expansion do not seem particularly high in Denmark:
- (a) The views of market participants on how easy or difficult entry into the Danish market is are not uniform. While five competitors and customers consider entry difficult or very difficult, five other customers consider it easy. Five other customers and competitors consider it medium.³⁶⁶ Namely, a customer explained that it would be easy: (i) for distributors in Denmark to "import" PDO Grana Padano products sold in neighbouring countries, namely Sweden; and (ii) for Italian suppliers of these products to use the same distributor in several Nordic countries.³⁶⁷ Zanetti in particular, while it submits that the difficulty level to enter the Danish market is medium, also claims that it would not be problematic, time-consuming or costly to find an alternative distributor for the Danish market.³⁶⁸
 - (b) Despite the small size of the Danish cheese market, entry still seems commercially attractive and cost-efficient given that cheese suppliers do not need to: (i) pay for a whole truck to transport the products all the way to Denmark from Italy; or (ii) fill up the truck with cheese products. This is the case since it also seems that in Denmark, it is common practice for wholesalers to import a whole portfolio of Italian specialty products (olive oil, pasta, PDO cheese, etc.) given the overall small size of this market.³⁶⁹ Logistically it is easy for them to source Parmigiano Reggiano from alternative small suppliers. Hence, even suppliers of Grana Padano with lower output volumes could satisfy the needs of Danish wholesalers or to replace Ambrosi's sales volume ([volume] in 2021).
 - (c) It also appears that finding a Danish distributor is not a high barrier to enter the Danish market for Italian cheese suppliers. A market participant also highlighted the intermediation role of the Italian embassy in Denmark, which

³⁶² Minutes of the call with a competitor on 4 January 2023, para. 27.

³⁶³ Questionnaire to customers, question H.C.B.5-1.

³⁶⁴ Questionnaire to customers, question H.C.B.6-1.

³⁶⁵ Questionnaire to customers, question H.C.B.7.

³⁶⁶ Questionnaire to customers, question H.B.C.1, questionnaire to competitors, question H.B.C.1.

³⁶⁷ Minutes of the call with a customer on 3 February 2023, para. 16.

³⁶⁸ Minutes of the call with a competitor on 4 January 2023, para. 29.

³⁶⁹ Minutes of the calls with a competitor on 16 January 2023, para. 21, with a customer on 3 February 2023, para. 23.

facilitates the expansion of Italian businesses into the Nordic countries, often by putting Italian manufacturers in contact with Danish distributors.³⁷⁰

- (298) *Eighth*, from a logistical point of view, switching suppliers of PDO Grana Padano appears to be relatively easy for Danish customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (299) *Ninth*, Lactalis' approach to previous acquisitions shows that it keeps the distribution system of its subsidiaries separate post-concentration. For instance, after its acquisition, Lactalis maintained Nuova Castelli's distribution network separate³⁷¹ and, particularly in Denmark, Nuova Castelli seems to use an independent distributor and not Lactalis' network.³⁷² Hence, judging by Lactalis' approach to previous acquisitions, any concerns around Ambrosi potentially ceasing to supply Danish distributors in favour of Lactalis' distribution network does not seem likely.
- (300) *Tenth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.³⁷³ None of the customers and competitors who expressed an opinion and responded that the impact would be negative have expressed concerns specifically (i.e. not specifically for Denmark) with regard to the supply of PDO Grana Padano in Denmark.³⁷⁴ Just one competitor of the Parties expressed that the combination of the Parties could generally result in higher prices of PDO Grana Padano due to the Parties' increased power to influence the price of milk used in the production of Grana Padano.³⁷⁵ However, as explained in Section 4, the Parties' combined sales of PDO Grana Padano (including sales of third-party produced cheese that is resold by the Parties) represent less [5-10]% respectively of the overall production of these two cheeses and, therefore, it appears unlikely that the merged entity would have the ability to influence the price of milk used in the production of PDO Grana Padano and, as a consequence, the price of PDO Grana Padano sold to consumers.
- (301) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Grana Padano to the modern retail channel in Denmark.

6.3.4.3. Pecorino Romano

- (302) Based on the Parties' market share estimates, their combined market share in volume in 2021 is [90-100]% for the modern retail channel ([80-90]% Lactalis and [5-10]% Ambrosi).

³⁷⁰ Minutes of the calls with a customer on 3 February 2023, para. 23.

³⁷¹ Minutes of the call with a competitor on 13 January 2023, para. 24; with a customer on 3 February 2023, para. 28; with a competitor on 4 January 2023, para. 8.

³⁷² Minutes of the call with a competitor on 4 January 2023, para. 8.

³⁷³ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

³⁷⁴ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

³⁷⁵ Questionnaire to competitors, question I.5.

Table 12: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[80-90]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[90-100]%</i>
Others	[...]	[10-20]%
Total sales	30	100%

Source: Parties' estimates.

- (303) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market is expanding; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Granarolo and Trentin; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.³⁷⁶
- (304) High combined market shares such as those found in the present market, [90-100]%, are normally a *prima facie* indicator that the Parties' have significant market power. However, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to PDO Pecorino Romano in Denmark. In particular, the Commission has examined the following factors:
- (305) *First*, the increment in terms of sales volume of PDO Pecorino Romano in Denmark in 2021 brought by Lactalis is very small ([volume]).
- (306) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Danish customers have confirmed that Zanetti is an important supplier of PDO Pecorino Romano in Denmark.³⁷⁷ Important Italian suppliers of PDO Pecorino Romano, namely Zanetti, Granarolo as well as Tine, have also submitted that they sell PDO Pecorino Romano in Denmark.³⁷⁸
- (307) *Third*, customers have also identified Zanetti as the main alternative supplier to which they would resort if they could not buy PDO Pecorino Romano from Lactalis, on one hand, or from Ambrosi, on the other hand.³⁷⁹

³⁷⁶ Form CO, paragraph 774.

³⁷⁷ Questionnaire to competitors, questions H.C.C.1 and H.C.C.2.

³⁷⁸ Questionnaire to competitors, question C.A.3-6.

³⁷⁹ Questionnaire to customers, questions H.C.C.5 and H.C.C.6.

- (308) *Fourth*, barriers to entry and expansion seem low in Denmark also for PDO Pecorino Romano. On one hand, as explained paragraph (281), the views of market participants on how easy or difficult entry into the Danish market is are not uniform. While five competitors and customers consider entry difficult or very difficult, five other customers consider it easy. Five other customers and competitors consider it medium. In particular Zanetti considers that timely and cost-effective entry is possible in Denmark. On the other hand, with only 29.7 tonnes of PDO Pecorino Romano sold in Denmark overall in 2021, according to the Parties' estimate, the size of the market is small. Ambrosi's sales volume in Denmark amounting to only [volume] in 2021 is also small for PDO Pecorino Romano. Thus, also suppliers of PDO Pecorino Romano with lower output volumes could satisfy the need for this product in Denmark.
- (309) *Fifth*, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for Danish customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (310) *Sixth*, three competitors of the Parties have indicated that, in case of an increase of the demand for PDO Pecorino Romano, they have the capacity to increase exports or start exporting PDO Pecorino Romano to new EEA countries, including Denmark.³⁸⁰ This includes significant PDO Pecorino Romano suppliers not yet present in Denmark, such as Saviola or Ferrari Giovani. They would all be able to export PDO Pecorino Romano to the whole EEA. Granarolo would also have spare capacity to increase its exports of PDO Pecorino Romano to the EEA, including Denmark, in case of a demand increase.³⁸¹
- (311) *Seventh*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.³⁸²
- (312) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano to the modern retail channel in Denmark.

6.3.4.4. Other Italian-type hard cheese

- (313) Based on the Parties' market share estimates, their combined market share in volume in 2021 is [90-100]% for the modern retail channel ([80-90]% Lactalis and [10-20]% Ambrosi).

³⁸⁰ Questionnaire to competitors, question H.M.9.

³⁸¹ Questionnaire to competitors, question H.M.9.

³⁸² Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

Table 13: Market shares for other Italian-type hard cheese (branded + private label) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[80-90]%
Ambrosi	[...]	[10-20]%
<i>Combined</i>	<i>[...]</i>	<i>[90-100]%</i>
Others	[...]	[0-5]%
Total sales	449	100%

Source: Parties' estimates.

- (314) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market is expanding; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Granarolo and Trentin; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.³⁸³
- (315) High combined market shares such as those found in the present market, [90-100]%, are normally a *prima facie* indicator that the Parties' have significant market power. However, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to other Italian-type hard cheeses in Denmark. In particular, the Commission has examined the following factors:
- (316) *First*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Danish customers and competitors have identified number of additional suppliers of other Italian-type hard cheese in Denmark, namely: Zanetti, Trentin, Brazzale and Arla Foods.³⁸⁴ Moreover, given that the production area of non-PDO Italian-type hard cheeses is not restricted to a certain geography, the Parties may face competition from suppliers active anywhere in the world.
- (317) *Second*, Zanetti, Tine and Granarolo submitted that they sell other Italian-type hard cheese in Denmark.³⁸⁵
- (318) *Third*, barriers to entry and expansion seem low in Denmark also for other Italian-type hard cheese. On one hand, as explained paragraph (281), the views of market

³⁸³ Form CO, paragraph 774.

³⁸⁴ Questionnaire to customers, question H.B.D.2 and H.B.D.3, questionnaire to competitors, question H.C.D.1.

³⁸⁵ Questionnaire to competitors, question C.A.3-6.

participants on how easy or difficult entry into the Danish market is are not uniform. While five competitors and customers consider entry difficult or very difficult, five other customers consider it easy. Five other customers and competitors consider it medium. In particular Zanetti considers that timely and cost-effective entry is possible in Denmark. On the other hand, Ambrosi's sales volume in Denmark, amounting to [volume] in 2021, is also limited for other Italian-type hard cheeses. Thus, suppliers of other Italian-type hard cheeses with lower output volumes could satisfy the need for this product in Denmark.

- (319) *Fourth*, five competitors of the Parties have indicated that, in case of an increase of the demand for other Italian-type hard cheeses, they have the capacity to increase exports or start exporting other Italian-type hard cheeses to new EEA countries, including Denmark.³⁸⁶ This includes significant suppliers of other Italian-type hard cheeses not yet present in Denmark, such as Saviola, Biraghi or BMI. They would all be able to export other Italian-type hard cheeses to the whole EEA. Zanetti and Granarolo, significant suppliers of other Italian-type hard cheeses in Denmark, would also have spare capacity to increase exports to the EEA, including Denmark.³⁸⁷
- (320) *Fifth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.³⁸⁸
- (321) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of other Italian-type hard cheeses to the modern retail channel in Denmark.

6.3.4.5. Cow mozzarella

- (322) Both Lactalis and Ambrosi supply branded and private label cow mozzarella in the modern retail channel in Denmark.

6.3.4.5.1. Branded

- (323) As shown in Table 14, the combined market share of the Parties in the supply of branded cow mozzarella to the modern retail channel in Denmark is equal to [20-30]% whereas the increment from Ambrosi is equal to less than [0-5]%. The Notifying Party has estimated that Arla Foods constitutes [50-60]% of the remaining share, whereas Zott and Falengreen are attributed [10-20]% and [5-10]% of market share, respectively. The Notifying Party was unable to allocate [0-5]% of market share to any specific competitor.

³⁸⁶ Questionnaire to competitors, question H.M.9.

³⁸⁷ Questionnaire to competitors, question H.M.9.

³⁸⁸ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

Table 14: Market shares for cow mozzarella (branded) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Arla Foods	[...]	[50-60]%
Zott	[...]	[10-20]%
Falengreen	[...]	[5-10]%
Others	[...]	[0-5]%
Total sales	5,976	100%

Source: Parties' estimates.

(324) The Notifying Party has not brought forward any arguments on the competitive assessment for the supply of branded cow mozzarella in Denmark.

(325) With respect to the supply of branded cow mozzarella to the modern retail channel specifically, the Commission finds the following:

(326) *First*, the increment brought about by the concentration from Ambrosi is immaterial at only [0-5]% (with only about [volume] of branded cow mozzarella sold by Ambrosi in Denmark in 2021). The concentration would result in an HHI delta of substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.³⁸⁹

(327) *Second*, the combined market share of the Parties in this channel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.³⁹⁰

6.3.4.5.2. Private label

(328) As shown in Table 15, the combined market share of the Parties in the supply of private label cow mozzarella to the modern retail channel in Denmark is equal to [20-30]% whereas the increment from Ambrosi is equal to less than [0-5]%. The Notifying Party was unable to allocate the remaining [70-80]% of market share to any specific competitor.

³⁸⁹ Horizontal Merger Guidelines, paragraph 20.

³⁹⁰ Horizontal Merger Guidelines, paragraph 18.

Table 15: Market shares for cow mozzarella (private label) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	<[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	592	100%

Source: Parties' estimates.

- (329) The Notifying Party has not brought forward any arguments on the competitive assessment for the supply of private label cow mozzarella in Denmark.
- (330) With respect to the supply of private label cow mozzarella to the modern retail channel, the Commission finds the following:
- (331) *First*, the increment brought about by the concentration from Ambrosi is insignificant at only [0-5]% (with only about [volume] of private label cow mozzarella sold by Ambrosi in Denmark in 2021). The concentration would result in an HHI delta of substantially less than 150 (about [50-150]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.³⁹¹
- (332) *Second*, the combined market share of the Parties post-concentration remains not very high at only [20-30]%.

6.3.4.5.3. All types of packaging

- (333) With respect to the supply of cow mozzarella to the modern retail channel irrespective of the type of packaging, the Commission finds the following:
- (334) *First*, the Parties will continue to face competition from several other suppliers of cow mozzarella in Denmark, including from Italian manufacturers, such as Granarolo and Zanetti (as confirmed by the results of the market investigation).³⁹²
- (335) *Second*, six large manufacturers of cow mozzarella, including Granarolo and Zanetti, stated that, in case of an increase of demand for cow mozzarella, they have the capacity to increase exports or start exporting cow mozzarella to the whole of the EEA, including Denmark.³⁹³
- (336) *Third*, the limited relevance of Ambrosi in the Danish market for cow mozzarella was confirmed by a competitor of the Parties who explained that “*Ambrosi is not a strong player in the fresh mozzarella segment*”.³⁹⁴

³⁹¹ Horizontal merger guidelines Merger Guidelines, paragraph 20.

³⁹² Questionnaire to competitors, question C.A.3.

³⁹³ Questionnaire to competitors, question H.M.9.

³⁹⁴ Minutes of a call with a producer and supplier of cheeses, 16 January 2023, paragraph 15.

(337) *Fourth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.³⁹⁵

6.3.4.5.4. Conclusion

(338) In conclusion, in light of the above and based on the information available to the Commission and provided by Parties, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of cow mozzarella to the modern retail channel in Denmark, irrespective of the packaging.

6.3.4.6. Buffalo mozzarella

(339) Both Lactalis and Ambrosi supply branded buffalo mozzarella in the modern retail channel in Denmark.³⁹⁶ Lactalis supplies branded buffalo mozzarella in Denmark via the *Galbani* and *Castelli* brands, whereas Ambrosi supplies it under the *Ambrosi* and *Bertozzi* brands.³⁹⁷

(340) Both Parties purchase the buffalo mozzarella sold from third-party manufacturers in Italy and then supply them to supermarkets and other retailers under their own brands in Denmark. Ambrosi uses the third-party distributor Geia Food A/S (“Geia”).³⁹⁸

(341) As shown in Table 16, the combined market share of the Parties is equal to [90-100]% whereas the increment from Ambrosi is equal to [5-10]%. The Notifying Party has been unable to attribute the remaining [5-10]% of market share to any specific competitors.

Table 16: Market shares for buffalo mozzarella (branded) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[80-90]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	[...]	[90-100]%
Others	[...]	[5-10]%
Total sales	56	100%

Source: Parties’ estimates.

(342) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment is moderate; (ii) the size of the market is small; (iii) the Parties will continue to face competition from other suppliers of branded buffalo mozzarella, including Zanetti, Trentin, Granarolo, Goldsteig, Arla Foods, Fattorie Garofalo, Ignalat and Wernersson; (iv) retailers can

³⁹⁵ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

³⁹⁶ Neither Lactalis nor Ambrosi supply private label buffalo mozzarella in Denmark.

³⁹⁷ Form CO, paragraphs 766-767.

³⁹⁸ Form CO, paragraphs 766-768.

easily switch suppliers; (v) retailers have strong bargaining power; and (vi) there is competitive pressure from suppliers of other similar Italian cheeses.³⁹⁹

- (343) While high combined market shares together with a material market share increment, such as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. In particular, the Commission has examined the following factors:
- (344) *First*, although the combined market share as estimated by the Parties is high, the increment added by Ambrosi's market share through the concentration would be limited to only [volume] of cheese supplied per year. In this regard, it should be noted that none of the customers and competitors that expressed their opinion in the market investigation listed Ambrosi as one of the main suppliers of branded or private label buffalo mozzarella.⁴⁰⁰
- (345) *Second*, the Parties will continue to face competition from other suppliers of branded buffalo mozzarella in Denmark. In addition to Lactalis, customers in the market investigation identified Zanetti, Savencia and Wernersson as the main suppliers of branded buffalo mozzarella to retailers in Denmark.⁴⁰¹ Further, the Italian cheese manufacturers and suppliers Granarolo and Zanetti confirmed that they already supply own-manufactured buffalo mozzarella to customers in Denmark, whereas the Norwegian dairy manufacturer and distributor TINE SA stated that it already supplies third-party manufactured buffalo mozzarella to customers in Denmark.⁴⁰²
- (346) *Third*, upstream the Parties only produce a relatively limited amount of the total volume of buffalo mozzarella sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced buffalo mozzarella was equal to only around [5-10]% in 2022, whereas Ambrosi does not produce buffalo mozzarella at all and instead only resells buffalo mozzarella produced by third-parties.⁴⁰³ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in Denmark will continue to be able to import buffalo mozzarella from a range of manufacturers independent from the Parties.
- (347) *Fourth*, the barriers to entry and expansion in the supply of branded buffalo mozzarella in Denmark appear to be low.
- (a) With only 56 tonnes of branded buffalo mozzarella sold in Denmark overall in 2021, the size of the market is small. Thus, also suppliers of buffalo

³⁹⁹ Form CO, paragraph 769.

⁴⁰⁰ Questionnaire to customers, questions H.C.E.1 and H.C.E.2, as well as questionnaire to competitors, questions H.C.E.1 and H.C.E.2.

⁴⁰¹ Questionnaire to customers, questions H.C.E.1 and H.C.E.2.

⁴⁰² Questionnaire to competitors, question C.A.3.

⁴⁰³ Parties' response to RFI 9.

mozzarella with lower output volumes could satisfy the need for buffalo mozzarella in Denmark.⁴⁰⁴

- (b) The market investigation supports that there are no significant barriers to entry. A majority of competitors having expressed an opinion found that the level of difficulty for an Italian manufacturer of cheese not yet present in Denmark to start exporting its cheese to Denmark, when considering all eventual barriers to entry, is “very easy”, “easy” or “medium”.⁴⁰⁵ Similarly, a majority of customers that expressed their opinion held that the level of difficulty for a customer to begin importing cheese from an Italian manufacturer not yet present in Denmark is “easy” or “medium”.⁴⁰⁶
 - (c) Two of the largest food retailers in Denmark stated during the market investigation that they found it “likely” or “very likely” that customers (such as themselves) would start importing buffalo mozzarella from alternative suppliers currently not supplying in Denmark to offset a lasting and significant increase in the wholesale price for buffalo mozzarella in Denmark.⁴⁰⁷ One of these retailers further listed Italian cheese-manufacturer Ghidetti as the main alternative supplier of buffalo mozzarella currently not yet being sold in Denmark that could be imported at relatively low cost.
 - (d) In this regard, one large Danish food retailer explained that *“it is possible for retailers to start distributing cheese products from Italian manufacturers not yet present in the country. [Our company] has done it in the past for specialty products. It is therefore not necessary for these manufacturers to have their own distribution networks and [...] there are third-party distributors that could distribute Italian cheese products in Denmark. The Italian embassy also helps Italian manufacturers to supply their specialty products in the Nordics, namely, by helping them build relationships with distributors and customers”*.⁴⁰⁸
 - (e) Ambrosi itself does not manufacture its own buffalo mozzarella and relies on a third-party distributor in Denmark. This shows that it is possible to enter and expand in the supply of buffalo mozzarella in Denmark without having specific distribution capabilities in Denmark and without having specific production capabilities for buffalo mozzarella.
 - (f) Several large manufacturers of branded buffalo mozzarella have indicated that, in case of an increase of the demand for buffalo mozzarella, they have the capacity to increase exports or start exporting buffalo mozzarella to new EEA countries.⁴⁰⁹
- (348) *Fifth*, the Parties will continue to face out-of-market constraints from several large suppliers of cow mozzarella, including Arla Foods, Zott, Falengreen, Granarolo, Zanetti and TINE SA (see Section 6.3.4.5). While most consumers do not see cow mozzarella and buffalo mozzarella as close substitutes, it is likely that there are marginal customers that would substitute away from the Parties’ buffalo

⁴⁰⁴ However, it should be noted that the small size of the Danish market for buffalo mozzarella may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Denmark.

⁴⁰⁵ Questionnaire to competitors, question H.C.H.1.

⁴⁰⁶ Questionnaire to customers, question H.C.H.1.

⁴⁰⁷ Questionnaire to customers, question H.C.E.8.

⁴⁰⁸ Minutes of a call with a Danish retailer, 3 February 2023, paragraph 23.

⁴⁰⁹ Questionnaire to competitors, question H.M.9.

mozzarella products to cow mozzarella products from competitors in the event of a price increase, such that the presence of these cow mozzarella suppliers further disciplines the Parties' pricing of buffalo mozzarella.

- (349) *Sixth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.⁴¹⁰
- (350) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded buffalo mozzarella to the modern retail channel in Denmark.

6.3.4.7. Mascarpone

- (351) Both Lactalis and Ambrosi supply branded mascarpone in the modern retail channel in Denmark. Lactalis supplies branded mascarpone in Denmark via the *Galbani* brand, whereas Ambrosi supplies it under the *Ambrosi* and *Bertozzi* brands.⁴¹¹
- (352) Lactalis produces the mascarpone sold in Denmark in Italy and Poland, whereas Ambrosi purchases the mascarpone from third-party manufacturers and then supplies it in Denmark using the third-party distributor Geia.⁴¹²
- (353) As shown in Table 17, the combined market share of the Parties is equal to [90-100]%.

Table 17: Market shares for mascarpone (branded) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[70-80]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	[...]	[90-100]%
Others	[...]	[0-5]%
Total sales	260	100%

Source: Parties' estimates.

- (354) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties will continue to face competition from other suppliers of branded mascarpone, including from Trentin, Wernersson, Goldsteig and Zanetti, as well as from private label suppliers of mascarpone, including from Trentin and Centrale del Latte di Brescia; (ii) the size of the market is small; (iii) barriers to entry and expansion are small; (iv) retailers can easily switch suppliers; (v) retailers have strong bargaining power; and (vi) there is competitive pressure from suppliers of other similar Italian cheeses.⁴¹³

⁴¹⁰ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁴¹¹ Form CO, paragraphs 776-777 and Parties' response to RFI 7, paragraph 14.1.

⁴¹² Form CO, paragraphs 766-768.

⁴¹³ Form CO, paragraph 779.

- (355) While high combined market shares together with a material market share increment, such as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. In particular, the Commission has examined the following factors:
- (356) *First*, even though the Notifying Party estimates the Parties' combined market share as close to [90-100]%, the market investigation suggests that, contrary to the Parties' market share estimates, the Parties will continue to face competition from existing other suppliers of branded and private label mascarpone in Denmark. While customers only identified Lactalis and Ambrosi as currently supplying mascarpone (branded or private label) in Denmark, the large and established Italian cheese manufacturers Granarolo and Zanetti indicated that they currently already supply mascarpone to Denmark.⁴¹⁴ Further, the Norwegian dairy manufacturer and distributor TINE SA stated that it already supplies mascarpone to customers in Denmark.⁴¹⁵ Therefore, the market shares as estimated by the Notifying Party are likely to overstate the Parties' competitive position in this market.
- (357) *Second*, upstream the Parties only produce a relatively limited amount of the total volume of mascarpone sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced mascarpone was equal to only around [10-20]% in 2022, whereas Ambrosi does not produce mascarpone at all and instead only resells mascarpone produced by third-parties.⁴¹⁶ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in Denmark will continue to be able to import mascarpone from a range of manufacturers independent from the Parties.
- (358) *Third*, the barriers to entry and expansion in the supply of branded mascarpone in Denmark appear to be low:
- (a) With only 260 tonnes of branded mascarpone sold in Denmark to modern retailers in 2021, the size of the market is small. Thus, also suppliers of mascarpone with lower output volumes could satisfy the need for mascarpone in Denmark.⁴¹⁷
 - (b) The market investigation supports that there are no significant barriers to entry. A majority of competitors having expressed an opinion found that the level of difficulty for an Italian manufacturer of cheese not yet present in Denmark to start exporting its cheese to Denmark, when considering all eventual barriers to entry, is "very easy", "easy" or "medium".⁴¹⁸ Similarly, a majority of customers that expressed their opinion held the level of difficulty

⁴¹⁴ Questionnaire to customers, questions H.C.F.1 and H.C.F.2, and questionnaire to competitors, question C.A.3.

⁴¹⁵ Questionnaire to competitors, question C.A.3.

⁴¹⁶ Parties' response to RFI 9.

⁴¹⁷ However, it should be noted that the small size of the Danish market for mascarpone may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Denmark.

⁴¹⁸ Questionnaire to competitors, question H.C.H.1.

for customer to begin importing cheese from an Italian manufacturer not yet present in Denmark is “easy” or “medium”.⁴¹⁹

- (c) The only customer that expressed an opinion on this matter, a large Danish retailer, stated that they found it very likely that customers would start importing mascarpone from alternative suppliers currently not supplying in Denmark to offset a lasting and significant increase in the wholesale price for mascarpone in Denmark.⁴²⁰
 - (d) As previously stated, one large Danish food retailer explained that “*it is possible for retailers to start distributing cheese products from Italian manufacturers not yet present in the country. [Our company] has done it in the past for specialty products. It is therefore not necessary for these manufacturers to have their own distribution networks and [...] there are third-party distributors that could distribute Italian cheese products in Denmark. The Italian embassy also helps Italian manufacturers to supply their specialty products in the Nordics, namely, by helping them build relationships with distributors and customers*”.⁴²¹
 - (e) Four large Italian manufacturers of mascarpone stated that, in case of an increase of demand for mascarpone, they have the capacity to increase exports or start exporting mascarpone to the whole of the EEA, including Denmark.⁴²²
 - (f) The Parties have a significantly smaller market position in the supply of branded mascarpone to the modern retail channel in geographically close markets, including in Germany (combined market share is equal to [5-10]%) and Sweden (combined market share is equal to [30-40]%). This suggests that in these neighbouring countries, a large proportion of branded mascarpone is already supplied by competitors to the Parties. Customers would be able to import these alternative branded mascarpone products that are already being successfully sold in Germany and Sweden without having to rely on significantly different or more expensive distribution arrangements.
 - (g) Ambrosi itself does not manufacture its own mascarpone and relies on a third-party distributor (Geia) in Denmark. This example shows that it is possible to enter and expand in the supply of branded mascarpone in Denmark without having specific distribution capabilities in Denmark and without having specific production capabilities for mascarpone.
- (359) *Fourth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.⁴²³ In addition, none of the customers and competitors that expressed a negative opinion on the concentration specifically mentioned the effects on the supply of mascarpone in Denmark.⁴²⁴
- (360) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal

⁴¹⁹ Questionnaire to customers, question H.C.H.1.

⁴²⁰ Questionnaire to customers, question H.C.F.7.

⁴²¹ Minutes of a call with a Danish retailer, 3 February 2023, paragraph 23.

⁴²² Questionnaire to competitors, question H.M.9.

⁴²³ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁴²⁴ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

market with regard to the plausible market for the supply of branded mascarpone to the modern retail channel in Denmark.

6.3.4.8. Ricotta

- (361) Both Lactalis and Ambrosi supply branded ricotta in the modern retail channel in Denmark. Lactalis supplies branded ricotta in Denmark via the *Galbani* and *Castelli* brands, whereas Ambrosi supplies it under the *Ambrosi* and *Bertozzi* brands.⁴²⁵
- (362) Ambrosi purchases the ricotta from third-party manufacturers and then supplies it in Denmark using the third-party distributor Geia.⁴²⁶
- (363) As shown in Table 18, the combined market share of the Parties is equal to [80-90]% whereas the increment from Ambrosi is equal to [20-30]%. The Notifying Party has attributed [10-20]% of the remaining share to Caseificio Elda and [0-5]% to other unnamed competitors.

Table 18: Market shares for ricotta (branded) in the modern retail channel in Denmark (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	[...]	[80-90]%
Caseificio Elda	[...]	[10-20]%
Others	[...]	[0-5]%
Total sales	141	100%

Source: Parties' estimates.

- (364) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties will continue to face competition from other suppliers of branded ricotta, including from Trentin, Wernersson, Zanetti, Caseificio Elda and Goldsteig, as well as from private label suppliers of ricotta, including from Trentin and Centrale del Latte di Brescia; (ii) the size of the market is small; (iii) barriers to entry and expansion are small; (iv) retailers can easily switch suppliers; (v) retailers have strong bargaining power; and (vi) there is competitive pressure from suppliers of other similar Italian cheeses.⁴²⁷
- (365) While high combined market shares together with a material market share increment, such as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in

⁴²⁵ Form CO, paragraphs 776-777.

⁴²⁶ Form CO, paragraphs 766-768.

⁴²⁷ Form CO, paragraph 783.

this specific market. In particular, the Commission has examined the following factors:

- (366) *First*, even though estimated combined market share attributed to the Parties is very high, the market investigation suggests that the Parties will continue to face competition from existing other suppliers of branded and private label mascarpone in Denmark. While customers only identified Lactalis and Ambrosi as currently supplying ricotta in Denmark, the large and established Italian cheese manufacturers Granarolo and Zanetti indicated that they currently already supply ricotta to Denmark.⁴²⁸ Further, the Norwegian dairy manufacturer and distributor TINE SA stated that it already supplies ricotta to customers in Denmark.⁴²⁹
- (367) *Second*, upstream the Parties only produce a relatively limited amount of the total volume of ricotta sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced ricotta was equal to only around [10-20]% in 2022, whereas Ambrosi does not produce ricotta at all and instead only resells ricotta produced by third-parties.⁴³⁰ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in Denmark will continue to be able to import ricotta from a range of manufacturers independent from the Parties.
- (368) *Third*, the barriers to entry and expansion in the supply of branded ricotta in Denmark appear to be low:
- (a) With only 114 tonnes of branded ricotta sold in Denmark to modern retailers in 2021, the size of the market is small. Thus, also suppliers of ricotta with lower output volumes could satisfy the need for ricotta in Denmark.⁴³¹
 - (b) The market investigation supports that there are no significant barriers to entry. A majority of competitors having expressed an opinion found that the level of difficulty for an Italian manufacturer of cheese not yet present in Denmark to start exporting its cheese to Denmark, when considering all eventual barriers to entry, is "very easy", "easy" or "medium".⁴³² Similarly, a majority of customers that expressed their opinion held the level of difficulty for customer to begin importing cheese from an Italian manufacturer not yet present in Denmark is "easy" or "medium".⁴³³
 - (c) The only customer that expressed an opinion on this matter, a large Danish retailer, stated that they found it very likely that customers would start importing ricotta from alternative suppliers currently not supplying in Denmark to offset a lasting and significant increase in the wholesale price for ricotta in Denmark.⁴³⁴
 - (d) As previously stated, one large Danish food retailer explained that "*it is possible for retailers to start distributing cheese products from Italian*

⁴²⁸ Questionnaire to customers, questions H.C.G.1 and H.C.G.2, and questionnaire to competitors, question C.A.3.

⁴²⁹ Questionnaire to competitors, question C.A.3.

⁴³⁰ Parties' response to RFI 9.

⁴³¹ However, it should be noted that the small size of the Danish market for ricotta may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Denmark.

⁴³² Questionnaire to competitors, question H.C.H.1.

⁴³³ Questionnaire to customers, question H.C.H.1.

⁴³⁴ Questionnaire to customers, question H.C.F.7.

*manufacturers not yet present in the country. [Our company] has done it in the past for specialty products. It is therefore not necessary for these manufacturers to have their own distribution networks and [...] there are third-party distributors that could distribute Italian cheese products in Denmark. The Italian embassy also helps Italian manufacturers to supply their specialty products in the Nordics, namely, by helping them build relationships with distributors and customers”.*⁴³⁵

- (e) Five Italian manufacturers of ricotta and one supplier from the Nordic countries stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including Denmark.⁴³⁶
 - (f) The Parties have a significantly smaller market position in the supply of branded ricotta to the modern retail channel in geographically close markets, including in Finland (combined market share is equal to [20-30]%) and Sweden (combined market share is equal to [30-40]%). If the Parties were to attempt to increase prices for branded ricotta in Denmark post-concentration, customers would be able to import alternative branded ricotta products that are already being successfully sold in Finland and Sweden without having to rely on significantly different or more expensive distribution arrangements.
 - (g) Ambrosi itself does not manufacture its own ricotta and relies on a third-party (Geia) in Denmark for distribution. This shows that it is possible to enter and expand in the supply of branded ricotta in Denmark without having specific distribution capabilities in Denmark and without having specific production capabilities for ricotta.
- (369) *Fourth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Denmark.⁴³⁷ In addition, none of the customers and competitors that expressed a negative opinion on the concentration specifically mentioned the effects on the supply of ricotta in Denmark.⁴³⁸
- (370) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in Denmark.

6.3.5. *Estonia*

- (371) Based on the market share data submitted by the Parties, the concentration gives rise to a horizontally affected market in Estonia with respect to branded cow mozzarella in the modern retail channel.
- (372) Both Lactalis and Ambrosi supply branded cow mozzarella in the modern retail channel in Estonia. Lactalis supplies branded cow mozzarella in Estonia via the

⁴³⁵ Minutes of a call with a Danish retailer, 3 February 2023, paragraph 23.

⁴³⁶ Questionnaire to competitors, question H.M.9.

⁴³⁷ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁴³⁸ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

Galbani and *President* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁴³⁹

- (373) As shown in Table 19, the combined market share of the Parties is equal to [30-40]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has not attributed any of the remaining [60-70]% of market share to specific other competitors.

Table 19: Market shares for cow mozzarella (branded) in the modern retail channel in Estonia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[30-40]%
Others	[...]	[60-70]%
Total sales	89	100%

Source: Parties' estimates.

- (374) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought about as a result of the concentration is immaterial and the Parties' combined market shares are low; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the Parties are not close competitors; (iv) there are limited barriers to entry and expansion; and (v) at the EEA level, the production capacity for cow mozzarella significantly exceeds current supply.⁴⁴⁰
- (375) The Commission finds the following:
- (376) *First*, the combined market share of the Parties is not very high at [30-40]%, and the increment added to Lactalis' market share through the concentration is insignificant at only [0-5]% (and less than [volume] of branded cow mozzarella sold by Ambrosi in 2021). One retail customer active in the Baltic region stated that neither Lactalis nor Ambrosi are very strong cheese suppliers in Estonia.⁴⁴¹
- (377) *Second*, the concentration would result in an HHI delta of substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁴⁴²
- (378) *Third*, there are a number of alternative suppliers of branded cow mozzarella currently available to customers in Estonia, including Euroser Dairy Group, Granarolo and Zanetti.⁴⁴³ This was confirmed by a retail customer active in the Baltic region that stated that there are a range of alternative offers available.⁴⁴⁴

⁴³⁹ Form CO, paragraph 996.

⁴⁴⁰ Form CO, paragraph 998.

⁴⁴¹ Questionnaire to customers, question H.M.1.

⁴⁴² Horizontal Merger Guidelines, paragraph 20.

⁴⁴³ Questionnaire to competitors, question C.A.3 and D.C.2.

⁴⁴⁴ Questionnaire to customers, question H.M.1.

- (379) *Fourth*, the barriers to entry and expansion in the market for the supply of branded cow mozzarella in Estonia appear to be low.
- (a) With only 89 tonnes of branded cow mozzarella sold in Estonia to modern retailers in 2021, the size of the market is small. Thus, also suppliers of cow mozzarella with lower output volumes could satisfy the need for cow mozzarella in Estonia.⁴⁴⁵
 - (b) Six large manufacturers of branded cow mozzarella, including Granarolo and Zanetti, stated that, in case of an increase of demand for cow mozzarella, they have the capacity to increase exports or start exporting cow mozzarella to the whole of the EEA, including Estonia.⁴⁴⁶
- (380) *Fifth*, the Parties will continue to face (potentially out-of-market) constraints from private label suppliers of cow mozzarella in Estonia which makes up the majority of the demand for cow mozzarella in the modern retail channel in Estonia in 2021 (148 tonnes of private label cow mozzarella sold compared to only 89 tonnes of branded cow mozzarella sold). The Parties do not supply private label cow mozzarella to modern retailers in Estonia and therefore all of the current supply for private label cow mozzarella in Estonia is provided by competitors. Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.
- (381) *Sixth*, while some customers expressed a negative view on the impact of the concentration on the supply of Italian cheeses in Estonia, the majority of competitors having expressed an opinion held that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheeses of in Estonia.⁴⁴⁷ In addition, none of the customers and competitors that expressed a negative opinion on the concentration specifically mentioned the effects on the supply of cow mozzarella in Estonia.⁴⁴⁸
- (382) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded cow mozzarella to the modern retail channel in Estonia.

6.3.6. *Finland*

- (383) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Finland: Pecorino Romano and ricotta.⁴⁴⁹

⁴⁴⁵ However, it should be noted that the small size of the Estonian market for cow mozzarella may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Estonia.

⁴⁴⁶ Questionnaire to competitors, question H.M.9.

⁴⁴⁷ Questionnaire to customers, question I.3, and questionnaire to competitors, question I.3.

⁴⁴⁸ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁴⁴⁹ Although Ambrosi used to supply gorgonzola and branded buffalo mozzarella in Finland, Ambrosi is since May 2022 not supplying these cheeses in Finland, for which reason the Parties do not overlap in these segments today (the Notifying Party's response to RFI 8, question 3, paragraph 3.1).

6.3.6.1. Pecorino Romano

(384) Based on the Parties' market share estimates, their combined market share in volume in 2021 is [40-50]% for the modern retail channel ([30-40]% Ambrosi and [10-20]% Lactalis).

Table 20: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in Finland (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[30-40]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Others	[...]	[50-60]%
Total sales	47	100%

Source: Parties' estimates.

(385) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the concentration gives rise to a trivial increment; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Granarolo, Soresina, Savencia, Ferrari, and Montanari & Gruzza; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.⁴⁵⁰

(386) The Commission finds the following:

(387) *First*, the increment in terms of sales volume of PDO Pecorino Romano in Finland in 2021 brought by Lactalis is very small ([volume]).

(388) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Finish customers have confirmed that Granarolo and Savencia are important suppliers of PDO Pecorino Romano in Finland.⁴⁵¹ Granarolo has also confirmed that it sells PDO Pecorino Romano in Finland and that it considers itself as the Ambrosi's closest competitor in this country.⁴⁵² Important Italian suppliers of PDO Pecorino Romano, namely Zanetti and Ferrari Giovanni, have also submitted that they sell PDO Pecorino Romano in Finland.⁴⁵³

(389) *Third*, customers have also identified Latteria Soresina as one of the main alternative suppliers to which they would resort if they could not buy PDO Pecorino Romano in Finland from Lactalis, on the one hand, or from Ambrosi, on the other hand.⁴⁵⁴

⁴⁵⁰ Form CO, paragraph 1015.

⁴⁵¹ Questionnaire to customers, questions H.D.B.1 and H.D.B.2, questionnaire to competitors, question H.D.B.1.

⁴⁵² Questionnaire to competitors, question H.D.B.4.

⁴⁵³ Questionnaire to competitors, question C.A.3-6.

⁴⁵⁴ Questionnaire to customers, questions H.D.B.5 and H.D.B.6.

- (390) *Fourth*, barriers to entry and expansion seem moderate in Finland for PDO Pecorino Romano. While market participants mostly consider entry difficult or very difficult, the size of the market is small and demand in Finland could be justified by suppliers of PDO Pecorino Romano with lower output volumes.⁴⁵⁵ Namely, only 47.1 tonnes of PDO Pecorino Romano were sold in Finland overall in 2021, according to the Parties' estimate, and Lactalis' sales volume in Finland is also negligible for PDO Pecorino Romano, i.e. just [volume] in 2021. Moreover, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for Finish customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (391) *Fifth*, a number of strong competitors of the Parties are active in the supply of PDO Pecorino Romano in neighbouring markets (Norway, Sweden and Denmark) and could enter the Finnish market. A majority of competitors submit that there are no or not particularly significant differences between consumer preferences and conditions of competition for the supply of Italian cheeses across Denmark, Sweden, Norway and Finland.⁴⁵⁶ Apart from Zanetti and Granarolo, Tine is also active in the sale of PDO Pecorino Romano in Denmark, Sweden and Norway and, therefore, should be able to easily and promptly enter the Finish market.⁴⁵⁷ Tine, as well as Zanetti and Granarolo, have expressed that entering the Finnish market would entail medium difficulty.⁴⁵⁸
- (392) *Sixth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheese in Finland.⁴⁵⁹
- (393) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano to the modern retail channel in Finland.

6.3.6.2. Ricotta

- (394) Both Lactalis and Ambrosi supply branded ricotta in the modern retail channel in Finland.
- (395) As shown in Table 21, the combined market share of the Parties is equal to [20-30]% whereas the increment from Lactalis is equal to [0-5]%. The Notifying Party has not attributed the remaining [70-80]% of market share to any specific other competitors.

⁴⁵⁵ Questionnaire to customers, question H.D.D.1, questionnaire to competitors, question H.D.D.1.

⁴⁵⁶ Questionnaire to competitors, question F.5.

⁴⁵⁷ Questionnaire to competitors, questions C.A.3-6.

⁴⁵⁸ Questionnaire to competitors, questions H.D.D.1.

⁴⁵⁹ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

Table 21: Market shares for ricotta (branded) in the modern retail channel in Finland (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	108	100%

Source: Parties' estimates.

- (396) The Notifying Party has not brought forward any arguments on the competitive assessment for the supply of ricotta in Finland.
- (397) The Commission finds the following:
- (398) *First*, the increment brought about by the concentration from Lactalis is small at only [0-5]% (with only about [volume] of branded ricotta sold by Lactalis in Finland in 2021). The concentration would result in an HHI delta of substantially less than 150 (about [50-150]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁴⁶⁰
- (399) *Second*, the combined market share of the Parties in this channel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁴⁶¹
- (400) *Third*, the Parties will continue to face competition from several other strong suppliers of branded ricotta in Finland, including from Italian manufacturers, such as Zanetti.⁴⁶²
- (401) *Fourth*, five Italian manufacturers of ricotta and one supplier from the Nordic countries stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including Finland.⁴⁶³
- (402) *Fifth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁴⁶⁴ Moreover, a majority of customers having expressed an opinion indicated that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheese in Finland,⁴⁶⁵ whilst a majority of responding competitors found that the impact would be neutral.⁴⁶⁶

⁴⁶⁰ Horizontal Merger Guidelines, paragraph 20.

⁴⁶¹ Horizontal Merger Guidelines, paragraph 18.

⁴⁶² Questionnaire to competitors, question C.A.3.

⁴⁶³ Questionnaire to competitors, question H.M.9.

⁴⁶⁴ Questionnaire to customers, question I.3.

⁴⁶⁴ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁴⁶⁵ Questionnaire to customers, question I.3.

⁴⁶⁶ Questionnaire to competitors, question I.3.

(403) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in Finland.

6.3.7. France

(404) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in France: cow mozzarella, buffalo mozzarella, Parmigiano Reggiano, Pecorino Romano, other Italian-type hard cheese, gorgonzola, Swiss-type cheeses, taleggio, mascarpone, ricotta, magor, paste filate and feta.⁴⁶⁷

6.3.7.1. Parmigiano Reggiano

(405) Both Lactalis and Ambrosi supply PDO Parmigiano Reggiano in France. Based on the Parties' market share estimates, their combined volume market share in the traditional retail channel in 2021 is [30-40]% ([30-40]% Ambrosi and [0-5]% Lactalis). The Notifying Party has not attributed any of the remaining [60-70]% of market share to specific other competitors.

Table 22: Market shares for PDO Parmigiano Reggiano (branded + private label) in the traditional retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[30-40]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	1,449	100%

Source: Parties' estimates.

(406) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the combined share will be moderate; (ii) Lactalis' brand is of no relevance in this market; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Latteria Sociale Mantova, Colla, Parmareggio, Ferrari, Savencia, Treo, Galileo, Alliance Food, Trentin, Granarolo and Parmareggio; and (v) retailers have strong bargaining power.⁴⁶⁸

⁴⁶⁷ In France, there are plausible markets for the supply of the following products that are also technically affected: burrata, butter packets, ricotta (private label) and paste filate (traditional retail). However, even under the narrowest market definition, the increment from either Lactalis (for burrata) or Ambrosi (all other products) for these milk products is insignificant (less than [volume] sold annually with less than [0-5]% market share). As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these market.

⁴⁶⁸ Form CO, paragraph 816.

- (407) The Commission finds the following:
- (408) *First*, Lactalis had minimal sales of PDO Parmigiano Reggiano in France in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Ambrosi's moderate market share of [30-40]%. The concentration would result in an HHI delta that is substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁴⁶⁹
- (409) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. French customers have confirmed that Entremont, Savencia,TM Granarolo, Galileo, Colla, Trentin and Vivaldi are important suppliers of PDO Parmigiano Reggiano in France.⁴⁷⁰ Granarolo seems to be particularly prominent in France, since it estimates its market share to be around [20-30]% in the supply of PDO Parmigiano Reggiano and PDO Grana Padano in France.⁴⁷¹
- (410) *Third*, significant Italian suppliers of PDO Parmigiano Reggiano, namely Zanetti, Treo, Ferrari Giovanni, Soster Formaggi, Produttori Latte Associati Cremona and Per Inter have also submitted that they sell PDO Parmigiano Reggiano in France.⁴⁷² Zanetti, in particular, has its own distribution network in France through which it serves the French market.⁴⁷³
- (411) *Fourth*, Parmigiano Reggiano suppliers will have spare and increasing capacity to export their production. Namely, eight competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Parmigiano Reggiano across the EEA, including France, should there be an increase in demand.⁴⁷⁴ This includes significant PDO Parmigiano Reggiano suppliers not yet present in France, such as Saviola or Boni. They would all be able to export PDO Parmigiano Reggiano to the whole EEA. Significant PDO Parmigiano Reggiano suppliers already present in France, like Zanetti or Granarolo, would also have spare capacity to increase exports to the EEA, including France.⁴⁷⁵
- (412) *Fifth*, barriers to entry and expansion do not seem particularly high in France:
- (a) The views of market participants on how easy or difficult entry into the French market is are not uniform. While a majority of respondents consider it difficult or very difficult,⁴⁷⁶ there are already numerous Italian PDO Parmigiano Reggiano suppliers active in France.
 - (b) Large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by PDO Parmigiano

⁴⁶⁹ Horizontal Merger Guidelines, paragraph 20.

⁴⁷⁰ Questionnaire to customers, question H.E.C.5.

⁴⁷¹ Minutes of the call with a competitor on 13 January 2023, para.15.

⁴⁷² Questionnaire to competitors, question C.A.3-6.

⁴⁷³ Minutes of the call with a competitor on 4 January 2023, para. 5.

⁴⁷⁴ Questionnaire to competitors, question H.M.9.

⁴⁷⁵ Questionnaire to competitors, question H.M.9.

⁴⁷⁶ Questionnaire to customers, question H.E.D.1, questionnaire to competitors, question H.E.D.1.

Reggiano suppliers (all located in the Northern regions of Italy) to distribute their products in France.⁴⁷⁷

- (c) As explained in paragraph (215), the PDO Parmigiano Reggiano Consortium is also very active in growing the market for PDO Parmigiano Reggiano and thus attracting new entrants, by promoting the knowledge and use of PDO Parmigiano Reggiano abroad, including through financial contributions to suppliers targeting the export markets, as well as direct relations with importers and retailers to develop projects aimed at promoting the PDO Parmigiano Reggiano label, the range of PDO Parmigiano Reggiano products available and to boost consumption of PDO Parmigiano Reggiano.
- (413) *Sixth*, from a logistical point of view, switching suppliers of PDO Parmigiano Reggiano appears to be relatively easy for French customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy. Therefore, the Italian premises of all cheese producers are located close to each other and are conveniently located very close to the French border. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (414) *Seventh*, significant suppliers active in the sale of PDO Parmigiano Reggiano in France, namely Zanetti, Tine and Trentin, Produttori Latte Associati Cremona, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to traditional retailers. Hence, post-merger, the Parties would also face competition in the traditional channel in France from competitors supplying the modern retail channel.⁴⁷⁸
- (415) *Eighth*, the views of customers and competitors having expressed an opinion on the impact of the concentration on competition in the wholesale distribution of Italian cheese in France is not uniform.⁴⁷⁹ While a majority considers that the concentration will have a negative impact, none of the customers and competitors who responded that the impact on the French Italian cheese market would be negative have expressed concerns specifically with regard to the supply of PDO Parmigiano Reggiano in France.⁴⁸⁰ Moreover, negative effects are foreseen mostly by large modern retail customers in France,⁴⁸¹ while it appears that: (i) the concentration will not give rise to affected markets in the sale of PDO Parmigiano Reggiano in the modern trade channel in France; and (ii) large French retailers have a strong buyer power⁴⁸² and have delisted Lactalis' products several times in the past.⁴⁸³ Moreover, although market participants seem to be concerned about the absence of alternative suppliers of PDO Parmigiano Reggiano in France, as seen above in paragraphs (409) and (410) the market investigation shows that the French market for PDO Parmigiano Reggiano is very fragmented and numerous alternatives exist.

⁴⁷⁷ Minutes of the calls with a customer on 29 November 2022, para. 16, and with Intermarché on 28 November 2022, para. 12.

⁴⁷⁸ Questionnaire to competitors, question D.D.5-1.

⁴⁷⁹ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁴⁸⁰ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁴⁸¹ Minutes of the calls with a customer on 2 December 2022, para. 17, with a customer on 28 November 2022, para. 14, and with a customer on 29 November 2022, para. 17.

⁴⁸² Minutes of the call with a competitor on 17 January 2023, para.15.

⁴⁸³ Form CO, paragraphs 1322-1328.

(416) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Parmigiano Reggiano to the traditional channel in France.

6.3.7.2. Pecorino Romano

(417) Both Lactalis and Ambrosi supply PDO Pecorino Romano in France. Based on the Parties' market share estimates, their combined volume market share in the modern retail channel in 2021 is [30-40]% ([30-40]% Lactalis and [0-5]% Ambrosi).

Table 23: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[30-40]%
Others	[...]	[60-70]%
Total sales	372	100%

Source: Parties' estimates.

(418) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the combined share will be moderate; (ii) Lactalis' brand is of no relevance in this market; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Latteria Sociale Mantova, Colla, Parmareggio, Ferrari, Savencia, Treo, Galileo, Alliance Food, Trentin, Granarolo and Parmareggio; and (v) retailers have strong bargaining power.⁴⁸⁴

(419) The Commission finds the following:

(420) *First*, Ambrosi had very limited sales of PDO Pecorino Romano in France in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Lactalis' market share of [30-40]%.⁴⁸⁵

(421) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. French customers and competitors have confirmed that Granarolo, Zanetti, Trentin, Per Iter, Entremont and Ciresa are important suppliers of PDO Pecorino Romano in France.⁴⁸⁵

(422) *Third*, significant Italian suppliers of PDO Pecorino Romano, namely Zanetti, Treo, Soster Formaggi and Granarolo have also submitted that they sell PDO Pecorino Romano in France.⁴⁸⁶ Zanetti, in particular, has its own distribution network in France through which it serves the French market.⁴⁸⁷

⁴⁸⁴ Form CO, paragraph 816.

⁴⁸⁵ Questionnaire to customers, questions H.E.B.1 and H.E.B.2 and questionnaire to competitors questions H.E.B.1 and H.E.B.2.

⁴⁸⁶ Questionnaire to competitors, question C.A.3-6.

⁴⁸⁷ Minutes of the call with a competitor on 4 January 2023, para. 5.

- (423) *Fourth*, three competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Pecorino Romano across the EEA, including France, should there be an increase in demand.⁴⁸⁸ This includes significant PDO Pecorino Romano suppliers not yet present in France, such as Saviola or Ferrari Giovanni, who would all be able to export PDO Pecorino Romano to the whole EEA. Significant PDO Pecorino Romano suppliers already present in France, namely Granarolo, would also have spare capacity to increase exports to France.⁴⁸⁹
- (424) *Fifth*, barriers to entry and expansion do not seem particularly high in France:
- (a) The views of market participants on how easy or difficult entry into the French market is are not uniform. While a majority of respondents consider it difficult or very difficult,⁴⁹⁰ as seen in paragraphs (421) and (422) there are already numerous Italian PDO Pecorino Romano suppliers active in France.
 - (b) Large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by PDO Pecorino Romano suppliers to distribute their products in France.⁴⁹¹
- (425) *Sixth*, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for French customers since, due to the PDO requirements, these products are all produced in a reduced area in Italy. Therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (426) *Seventh*, the views of customers and competitors having expressed an opinion on the impact of the concentration on competition in the wholesale distribution of Italian cheese in France is not uniform.⁴⁹² While a majority, mostly large modern trade customers in France,⁴⁹³ considers that the concentration will have a negative impact as regards the supply of Italian cheese in France, it appears that: (i) the concentration will not give rise to affected markets in the sale of PDO Pecorino Romano in the modern trade channel in France; and (ii) large French retailers have a strong buyer power⁴⁹⁴ and have delisted Lactalis' products several times in the past.⁴⁹⁵ Moreover, customers and competitors have not expressed specific concerns with regard to the supply PDO Pecorino Romano in France post-concentration.⁴⁹⁶ This might be due to the fragmented nature of the PDO Pecorino Romano market in France, as explained in paragraph (421).
- (427) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise

⁴⁸⁸ Questionnaire to competitors, question H.M.9.

⁴⁸⁹ Questionnaire to competitors, question H.M.9.

⁴⁹⁰ Questionnaire to customers, question H.E.D.1, questionnaire to competitors, question H.E.D.1.

⁴⁹¹ Minutes of the calls with a customer on 29 November 2022, para. 16, and with a customer on 28 November 2022, para. 12.

⁴⁹² Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁴⁹³ Minutes of the calls with a customer on 2 December 2022, para. 17, with a customer on 28 November 2022, para. 14, and with a customer on 29 November 2022, para. 17.

⁴⁹⁴ Minutes of the call with a competitor on 17 January 2023, para.15.

⁴⁹⁵ Form CO, paragraphs 1322-1328.

⁴⁹⁶ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano to the modern retail channel in France.

6.3.7.3. Other Italian-type hard cheese

(428) Both Lactalis and Ambrosi supply other Italian-type hard cheese in France. Based on the Parties' market share estimates, their combined volume market share in the traditional retail channel in 2021 is [20-30]% ([10-20]% Ambrosi and [0-5]% Lactalis).

Table 24: Market shares for other Italian-type hard cheese (branded + private label) in the traditional retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[10-20]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	948	100%

Source: Parties' estimates.

(429) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the combined share will be moderate; (ii) Lactalis' brand is of no relevance in this market; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible competitors including Zanetti, Latteria Sociale Mantova, Colla, Parmareggio, Ferrari, Savencia, Treo, Galileo, Alliance Food, Trentin, Granarolo and Parmareggio; and (v) retailers have strong bargaining power.⁴⁹⁷

(430) The Commission finds the following:

(431) *First*, the combined market share of the Parties in this channel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁴⁹⁸

(432) *Second*, the small increment of [0-5]% brought by Lactalis is due to its limited sales of other Italian-type hard cheeses in France in 2021 ([volume]). The concentration would result in an HHI delta that is substantially less than 150 (about [50-150]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁴⁹⁹

(433) *Third*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. French customers and competitors

⁴⁹⁷ Form CO, paragraph 816.

⁴⁹⁸ Horizontal Merger Guidelines, paragraph 18.

⁴⁹⁹ Horizontal Merger Guidelines, paragraph 20.

have also identified number of additional suppliers of other Italian-type hard cheese in France, namely: Granarolo, Zanetti, Colla, Pert Inter, Treo, Vivaldi, Caliléo.⁵⁰⁰

- (434) *Fourth*, Treo, Soster Formaggi, Granarolo, Per Inter and Zanetti confirmed that they sell other Italian-type hard cheese in France.⁵⁰¹
- (435) *Fifth*, barriers to entry and expansion do not seem particularly high in France also for other Italian-type hard cheese:
- (a) The views of market participants on how easy or difficult entry into the French market is are not uniform. While a majority of respondents consider it difficult or very difficult,⁵⁰² there are already numerous suppliers of other Italian-type hard cheese active in France.
 - (b) Large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by Italian suppliers of other Italian-type hard cheeses to distribute their products in France.⁵⁰³
 - (c) Lactalis' sales volume in France, which amounts to [volume] in 2021 for other Italian-type hard cheeses, is also limited. Thus, also suppliers of other Italian-type hard cheeses with lower output volumes could satisfy the need for this product in France.
- (436) *Sixth*, significant suppliers active in the sale of other Italian-type hard cheeses in France, namely Zanetti, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to traditional retailers. Hence, post-merger, the Parties would also face competition in the traditional channel in France from competitors supplying the modern retail channel.⁵⁰⁴
- (437) *Seventh*, five competitors of the Parties have indicated that, in case of an increase of the demand for other Italian-type hard cheeses, they have the capacity to increase exports or start exporting other Italian-type hard cheeses to new EEA countries, including France.⁵⁰⁵ This includes significant suppliers of other Italian-type hard cheeses not yet present in France, such as Saviola, Biraghi or BMI. Each of them would be able to export other Italian-type hard cheeses to the whole EEA. Zanetti and Granarolo, significant suppliers of other Italian-type hard cheeses in France, would also have spare capacity to increase exports to France.⁵⁰⁶
- (438) *Eighth*, the views of customers and competitors having expressed an opinion on the impact of the concentration on competition in the wholesale distribution of Italian cheese in France is not uniform.⁵⁰⁷ While a majority, mostly large modern trade customers in France,⁵⁰⁸ considers that the concentration will have a negative impact as regards the supply of Italian cheese in France, it appears that: (i) the

⁵⁰⁰ Questionnaire to customers, question H.E.C.7, questionnaire to competitors, question H.E.C.7.

⁵⁰¹ Questionnaire to competitors, question C.A.3-6.

⁵⁰² Questionnaire to customers, question H.E.D.1, questionnaire to competitors, question H.E.D.1.

⁵⁰³ Minutes of the calls with a customer on 29 November 2022, para. 16, and with a customer on 28 November 2022, para. 12.

⁵⁰⁴ Questionnaire to competitors, question D.D.5-1.

⁵⁰⁵ Questionnaire to competitors, question H.M.9.

⁵⁰⁶ Questionnaire to competitors, question H.M.9.

⁵⁰⁷ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁵⁰⁸ Minutes of the calls with a customer on 2 December 2022, para. 17, with a customer on 28 November 2022, para. 14, and with a customer on 29 November 2022, para. 17.

concentration will not give rise to affected markets in the sale of other Italian-type hard cheeses in the modern trade channel in France; and (ii) large French retailers have a strong buyer power⁵⁰⁹ and have delisted Lactalis' products several times in the past.⁵¹⁰ Moreover, customers and competitors have not expressed specific concerns with regard to other Italian-type hard cheeses post-concentration.⁵¹¹ This might be due to the fragmented nature of the French market for other Italian-type hard cheeses, as explained in paragraphs (433) and (434).

- (439) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of other Italian-type hard cheeses to the traditional channel in France.

6.3.7.4. Cow mozzarella

- (440) Both Lactalis and Ambrosi supply cow mozzarella in the modern retail channel and in the OOH channel in France.

6.3.7.4.1. Modern retail

- (441) As shown in Table 25, the combined market share of the Parties in the supply of branded cow mozzarella in the modern retail channel in France is equal to [70-80]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has attributed [20-30]% of the remaining market share to Granarolo and [5-10]% to other unnamed competitors.

Table 25: Market shares for cow mozzarella (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[70-80]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[70-80]%</i>
Granarolo	[...]	[20-30]%
Others	[...]	[5-10]%
Total sales	11,707	100%

Source: Parties' estimates.

- (442) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate ([40-50]%) when considering branded and private label sales together and the increment brought about as a result of the concentration is limited; (ii) the Parties are not close competitors; (iii) the Parties will continue to face competition from other suppliers of branded cow mozzarella, including Granarolo, Zanetti, Sabelli, Valcolatte, Alnatura, Italie Des Fromages, Maiullari, Monte Oro, Monteverdi, Spiga, and Vivaldi as well as from suppliers of private label cow mozzarella, including Züeger, Jager, Valcolatte, Granarolo/Codipal, Lecenturion,

⁵⁰⁹ Minutes of the call with a competitor on 17 January 2023, para.15.

⁵¹⁰ Form CO, paragraphs 1322-1328.

⁵¹¹ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

St Omer, Vergeer, Zott, Goldsteig, and Bayernland; (iv) there are no barriers to entry and expansion; (v) retailers can easily switch suppliers; (vi) at the EEA level, the production capacity for cow mozzarella significantly exceeds current supply; (vii) retailers have strong bargaining power; and (viii) there is competitive pressure from suppliers of similar cheeses.⁵¹²

- (443) While high combined market shares together with an increment that is not immaterial, such as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. In particular, the Commission has examined the following factors:
- (444) *First*, although the combined market share of the Parties is high, the increment added by Ambrosi's market share through the concentration would be small at [0-5]%.
(445) *Second*, the Parties will continue to face competition from other existing suppliers of branded cow mozzarella in France, including particularly from the large Italian manufacturer Granarolo, who confirmed that it already supplies cow mozzarella in France.⁵¹³ Other manufacturers and suppliers of cow mozzarella that confirmed that they are already active in France include Zanetti, Per Inter (a French supplier of third-party cheeses), Soster Formaggio (an Italian manufacturer) and Treo (a French supplier of third-party cheeses).⁵¹⁴
(446) *Third*, upstream the Parties only produce a relatively limited amount of the total volume of cow mozzarella sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced cow mozzarella was equal to only around [20-30]% in 2022, whereas Ambrosi does not produce cow mozzarella at all and instead only resells cow mozzarella produced by third-parties.⁵¹⁵ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in France will continue to be able to import cow mozzarella from a range of manufacturers independent from the Parties. In this regard, six large manufacturers of cow mozzarella, including Granarolo and Zanetti, stated that, in case of an increase of demand for cow mozzarella, they have the capacity to increase exports to the whole of the EEA, including France.⁵¹⁶
(447) *Fourth*, the Parties will continue to face (potentially out-of-market) constraints from private label suppliers of cow mozzarella in France which made up over half of the total demand for cow mozzarella in the modern retail channel in France in 2021. This is a segment in which Ambrosi is not active at all in France, whereas Lactalis' estimated share is equal to only [30-40]%, meaning that over [60-70]% of

⁵¹² Form CO, paragraph 802, and Parties' response to RFI 7, paragraphs 9.1 and 10.1.

⁵¹³ Questionnaire to competitors, question C.A.3.

⁵¹⁴ Questionnaire to competitors, question C.A.3.

⁵¹⁵ Parties' response to RFI 9. Ambrosi produces limited amounts of dry mozzarella with a production share of less than [0-5]% in Italy.

⁵¹⁶ Questionnaire to competitors, question H.M.9.

private label supply of cow mozzarella in France is from competing suppliers. Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.

- (448) *Fifth*, there is potential for new suppliers to come into the market for the supply of cow mozzarella to the modern retail channel in France.
- (a) Large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by cow mozzarella suppliers to distribute their products in France.⁵¹⁷
 - (b) The views of customers and competitors regarding how easy or difficult it is to enter the French market are not uniform. First, whilst some competitors find it “difficult” or “very difficult”, approximately the same number of competitors find it “very easy”, “easy” or “medium”.⁵¹⁸ Second, whereas some of the customers having expressed an opinion state that it is “difficult”, approximately the same number state that it is “medium”.⁵¹⁹
- (449) *Sixth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration’s impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁵²⁰ Many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁵²¹ (as evidenced, for instance, by their ability to delist Lactalis’ products several times in the past).⁵²² Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁵²³ None of the customers and competitors that were of the view that the concentration’s impact on the level of competition in France was negative, expressed any specific concerns in relation to the supply of branded cow mozzarella to modern retailers.⁵²⁴ One competitor in France stated that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry*”.⁵²⁵ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁵²⁶
- (450) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded cow mozzarella to the modern retail channel in France.

⁵¹⁷ Minutes of the calls with a customer on 29 November 2022, para. 16, and with Intermarché on 28 November 2022, para. 12.

⁵¹⁸ Questionnaire to competitors, question H.E.D.1.

⁵¹⁹ Questionnaire to competitors, question H.E.D.1.

⁵²⁰ Questionnaire to customers, question I.3.

⁵²¹ Minutes of the call with a competitor on 17 January 2023, para.15.

⁵²² Form CO, paragraphs 1322-1328.

⁵²³ Questionnaire to competitors, question I.3.

⁵²⁴ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁵²⁵ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁵²⁶ Questionnaire to customers, question I.3.

⁵²⁶ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

6.3.7.4.2. OOH channel

(451) As shown in Table 26, the combined market share of the Parties in the supply of cow mozzarella to the OOH channel in France is equal to [50-60]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has not attributed the remaining [40-50]% of market share to any specific other competitors.

Table 26: Market shares for cow mozzarella in the OOH channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[50-60]%</i>
Others	[...]	[40-50]%
Total sales	21,184	100%

Source: Parties' estimates.

(452) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought about as a result of the concentration is trivial; (ii) there are no barriers to entry and expansion; (iii) customers can easily switch suppliers; (iv) the Parties will continue to face competition from other suppliers of cow mozzarella, including Zanetti, Valcolatte, BMI, Bayerland, Granarolo, and Züger; (v) at the EEA level, the production capacity for cow mozzarella significantly exceeds current supply; and (vi) there is competitive pressure from suppliers of similar cheeses.⁵²⁷

(453) While high combined market shares with an increment that is not immaterial, such as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. In particular, the Commission has examined the following factors:

(454) *First*, although the combined market share of the Parties is relatively high, the increment added by Ambrosi's market share through the concentration would be small at [0-5]%.

(455) *Second*, the Parties will continue to face competition from other existing suppliers of cow mozzarella in France, including particularly from the large Italian manufacturer Granarolo, who confirmed that it already supplies cow mozzarella in France.⁵²⁸ Other manufacturers and suppliers of cow mozzarella that confirmed that they are already active in France include Zanetti, Per Inter (a French supplier of third-party cheeses into both the retail and Ho.Re.Ca channels), Soster Formaggio

⁵²⁷ Form CO, paragraph 846.

⁵²⁸ Questionnaire to competitors, question C.A.3.

(an Italian manufacturer) and Treo (a French supplier of third-party cheeses).⁵²⁹ Other competitors active in the supply of cow mozzarella focussing on the OOH channel include Eurial, Arla Foods, Metro Chef and other Belgian, Dutch and German suppliers of shredded mozzarella, which purchase blocks of dry mozzarella, shred it and sell it in the French Ho.Re.Ca and industrial channels.⁵³⁰

- (456) *Third*, upstream the Parties only produce a relatively limited amount of the total volume of cow mozzarella sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced cow mozzarella was equal to only around [20-30]% in 2022, whereas Ambrosi does not produce cow mozzarella at all and instead only resells cow mozzarella produced by third-parties.⁵³¹ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in France will continue to be able to import cow mozzarella from a range of manufacturers independent from the Parties. In this regard, six large manufacturers of cow mozzarella, including Granarolo and Zanetti, stated that, in case of an increase of demand for cow mozzarella, they have the capacity to increase exports to the whole of the EEA, including France.⁵³²
- (457) *Fourth*, there is potential for alternative suppliers to come into the market for the supply of cow mozzarella to the OOH channel in France.
- (a) One competitor of the Parties in the supply of cow mozzarella to the OOH channel in France noted that they do not have their own distribution network but rely instead on a third-party distributor that handles both fresh and frozen products. According to this competitor of the Parties, "*having a distribution network does not constitute a competitive advantage in the cheese market*".⁵³³ It should therefore be relatively easily possible for Italian producers of cow mozzarella to start supplying the French OOH market segment without having to build up their own distribution network in France.
- (b) However, the views of customers and competitors regarding how easy or difficult it is to enter the French market are not uniform. First, whilst a majority of competitors find it "difficult" or "very difficult", almost the same number of competitors find it "very easy", "easy" or "medium".⁵³⁴ Second, whereas some of all customers having expressed an opinion state that it is "difficult", approximately the same number state that it is "medium".⁵³⁵
- (458) *Fifth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁵³⁶ Many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁵³⁷ and which have delisted Lactalis' products several times in the

⁵²⁹ Questionnaire to competitors, question C.A.3.

⁵³⁰ Minutes from a call with a French supplier of cow mozzarella, 17 January 2023, paragraph 7.

⁵³¹ Parties' response to RFI 9. Ambrosi produces limited amounts of dry mozzarella with a production share of less than [0-5]% in Italy.

⁵³² Questionnaire to competitors, question H.M.9.

⁵³³ Minutes from a call with a French supplier of cow mozzarella, 17 January 2023, paragraph 12.

⁵³⁴ Questionnaire to competitors, question H.E.D.1.

⁵³⁵ Questionnaire to competitors, question H.E.D.1.

⁵³⁶ Questionnaire to customers, question I.3.

⁵³⁷ Minutes of the call with a competitor on 17 January 2023, para.15.

past.⁵³⁸ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁵³⁹ None of the customers and competitors that were of the view that the concentration's impact on the level of competition in France was negative, expressed any specific concerns in relation to the supply of cow mozzarella to the OOH channel.⁵⁴⁰ One competitor in France stated that "*the concentration does not raise any concerns and may be even positive for the Italian cheese industry*".⁵⁴¹ Another competitor of the Parties in the supply of cow mozzarella to the OOH channel noted that it did "*not have any concerns regarding the concentration*" and that "*the transaction could even bring some innovation into the cheese market, like Lactalis did some years ago when it bought a Canadian company producing skyr and, post-concentration, introduced this product in the EEA market*".⁵⁴² In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁵⁴³

(459) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of cow mozzarella to the OOH channel in France.

6.3.7.5. Buffalo mozzarella

(460) Both Lactalis and Ambrosi supply branded and private label buffalo mozzarella in the modern retail channel in France. Lactalis supplies branded buffalo mozzarella in France via the *Galbani*, *Castelli* and *Mandara* brands, whereas Ambrosi supplies buffalo mozzarella manufactured by third-parties under the *Ambrosi* brand.⁵⁴⁴

6.3.7.5.1. Branded

(461) As shown in Table 27, the combined market share of the Parties in the supply of branded buffalo mozzarella to the modern retail channel in France is equal to [20-30]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has attributed [30-40]% of the remaining market share to Granarolo and [30-40]% to other unnamed competitors.

⁵³⁸ Form CO, paragraphs 1322-1328.

⁵³⁹ Questionnaire to competitors, question I.3.

⁵⁴⁰ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁵⁴¹ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁵⁴² Minutes from a call with a French supplier of cow mozzarella, 17 January 2023, paragraphs 13 and 14.

⁵⁴³ Questionnaire to customers, question I.3.

⁵⁴³ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁵⁴⁴ Form CO, paragraphs 1008.

Table 27: Market shares for buffalo mozzarella (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Granarolo	[...]	[30-40]%
Others	[...]	[30-40]%
Total sales	3,271	100%

Source: Parties' estimates.

- (462) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is low; (ii) the Parties will continue to face competition from other suppliers of branded buffalo mozzarella, including Granarolo (with the "Casa Azzurra" brand), Ferrari, Alnatura, Bufi, Cantile, Cirillo, Igor, Italie Des Fromages, L'Italie Du Bio, Zanetti, Vivaldi, Treo, Tre Stelle, Ponte Reale, Monte Oro, and La Marchesa as well as from suppliers of private label buffalo mozzarella, including Garofalo, Cilento, Spinosa, Tre Stelle, San Salvatore, Mozart, Sori, Ponte Reale, Casaro Del Re, and La Contadina; (iii) there are no significant barriers to entry and expansion; (v) retailers can easily switch suppliers; (vi) retailers have strong bargaining power; and (vii) there is competitive pressure from suppliers of similar cheeses.⁵⁴⁵
- (463) The Commission finds the following:
- (464) *First*, the combined market share of the Parties is not very high at [20-30]%, and the increment added to Lactalis' market share through the concentration is relatively small at only [0-5]%.
- (465) *Second*, the Parties will continue to face competition from other existing suppliers of buffalo mozzarella in France, including particularly from large Italian manufacturers of branded buffalo mozzarella, Granarolo and Zanetti, who confirmed that they already supply buffalo mozzarella in France.⁵⁴⁶ Other suppliers of buffalo mozzarella that confirmed that they are already active in France include Per Inter (a French supplier of third-party cheeses) and Treo (a French supplier of third-party cheeses).⁵⁴⁷
- (466) *Third*, upstream the Parties only produce a relatively limited amount of the total volume of buffalo mozzarella sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced buffalo mozzarella was equal to only around [5-10]% in 2022, whereas Ambrosi does not produce buffalo mozzarella at all and instead only resells buffalo mozzarella produced by third-parties.⁵⁴⁸ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in France will continue to be able to import buffalo mozzarella from a range of manufacturers independent from the Parties. In

⁵⁴⁵ Form CO, paragraph 809, and Parties' response to RFI 7, paragraphs 8.1.

⁵⁴⁶ Questionnaire to competitors, question C.A.3.

⁵⁴⁷ Questionnaire to competitors, question C.A.3.

⁵⁴⁸ Parties' response to RFI 9.

this regard, several large manufacturers of buffalo mozzarella have indicated that, in case of an increase of the demand for buffalo mozzarella, they have the capacity to increase exports or start exporting buffalo mozzarella to new EEA countries, including to France.⁵⁴⁹

- (467) *Fourth*, there is potential for new suppliers to come into the market for the supply of branded buffalo mozzarella in France.
- (a) Large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by buffalo mozzarella suppliers to distribute their products in France.⁵⁵⁰
 - (b) The views of customers and competitors regarding how easy or difficult it is to enter the French market are not uniform. First, whilst a majority of competitors find it “difficult” or “very difficult”, almost the same number of competitors find it “very easy”, “easy” or “medium”.⁵⁵¹ Second, whereas some of all customers having expressed an opinion state that it is “difficult”, approximately the same number state that it is “medium”.⁵⁵²
- (468) *Fifth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration’s impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁵⁵³ Many of the customers believing the impact would be negative are large French retailers, which appear to have strong buyer power⁵⁵⁴ and which have delisted Lactalis’ products several times in the past.⁵⁵⁵ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁵⁵⁶ None of the customers and competitors that were of the view that the concentration’s impact on the level of competition in France was negative, expressed any specific concerns in relation to buffalo mozzarella.⁵⁵⁷ One competitor in France stated that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry*”.⁵⁵⁸ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁵⁵⁹
- (469) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded buffalo mozzarella to the modern retail channel in France.

⁵⁴⁹ Questionnaire to competitors, question H.M.9.

⁵⁵⁰ Minutes of the calls with a customer on 29 November 2022, para. 16, and with Intermarché on 28 November 2022, para. 12.

⁵⁵¹ Questionnaire to competitors, question H.E.D.1.

⁵⁵² Questionnaire to competitors, question H.E.D.1.

⁵⁵³ Questionnaire to customers, question I.3.

⁵⁵⁴ Minutes of the call with a competitor on 17 January 2023, para.15.

⁵⁵⁵ Form CO, paragraphs 1322-1328.

⁵⁵⁶ Questionnaire to competitors, question I.3.

⁵⁵⁷ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁵⁵⁸ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁵⁵⁹ Questionnaire to customers, question I.3.

⁵⁵⁹ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

6.3.7.5.2. Private label

(470) As shown in Table 28, the combined market share of the Parties in the supply of private label buffalo mozzarella to the modern retail channel in France is equal to [30-40]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has not attributed any of the remaining [60-70]% in market share to any specific competitors.

Table 28: Market shares for buffalo mozzarella (private label) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[30-40]%
Others	[...]	[60-70]%
Total sales	3,859	100%

Source: Parties' estimates.

(471) The Notifying Party has not brought forward any separate arguments in relation to the supply of private label buffalo mozzarella to the modern retail channel than it has already provided in relation to branded buffalo mozzarella (see Section 6.3.7.5.1).

(472) The Commission finds the following:

(473) *First*, the combined market share of the Parties is not very high at [30-40]%, and the increment added to Lactalis' market share through the concentration is relatively small at only [0-5]%.

(474) *Second*, the Parties will continue to face competition from other existing suppliers of private label buffalo mozzarella in France, including particularly from large Italian manufacturers of buffalo mozzarella, Granarolo and Zanetti, who confirmed that they already supply private label buffalo mozzarella in France.⁵⁶⁰ Another supplier that confirmed that it is already active in France in the supply of private label buffalo mozzarella includes Treo (a French supplier of third-party cheeses).⁵⁶¹

(475) *Third*, it appears that modern retailers generally source private label cheese products, including buffalo mozzarella, via European-wide calls for tenders.⁵⁶² This type of procurement process can generally be expected to result in more competitive outcomes for customers than bilateral negotiations. In addition, brand considerations play a less significant to no role in tenders for private label products and therefore even smaller, unknown producers of buffalo mozzarella with sufficient production capacity can be expected to bid competitively for these tenders.

(476) *Fourth*, upstream the Parties only produce a relatively limited amount of the total volume of buffalo mozzarella sold in the EEA and elsewhere. In particular,

⁵⁶⁰ Questionnaire to competitors, question C.A.3.

⁵⁶¹ Questionnaire to competitors, question C.A.3.

⁵⁶² Form CO, paragraphs 197-198.

Lactalis' production share for Italian produced buffalo mozzarella was equal to only around [5-10]% in 2022, whereas Ambrosi does not produce buffalo mozzarella at all and instead only resells buffalo mozzarella produced by third-parties.⁵⁶³ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in France will continue to be able to import buffalo mozzarella from a range of manufacturers independent from the Parties. In this regard, several large manufacturers of buffalo mozzarella have indicated that, in case of an increase of the demand for buffalo mozzarella, they have the capacity to increase exports or start exporting buffalo mozzarella to new EEA countries, including to France.⁵⁶⁴

- (477) *Fifth*, there is potential for new suppliers of gorgonzola to come into the market.
- (a) Large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by buffalo mozzarella suppliers to distribute their products in France.⁵⁶⁵
 - (b) The views of customers and competitors regarding how easy or difficult it is to enter the French market are not uniform. First, almost the same number of competitors find it “difficult” or “very difficult”, as those that find it “very easy”, “easy” or “medium”.⁵⁶⁶ Second, whereas almost half of all customers having expressed an opinion state that it is “difficult”, approximately the same number state that it is “medium”.⁵⁶⁷
- (478) *Sixth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁵⁶⁸ Many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁵⁶⁹ and which have delisted Lactalis' products several times in the past.⁵⁷⁰ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁵⁷¹ None of the customers and competitors that were of the view that the concentration's impact on the level of competition in France was negative, expressed any specific concerns in relation to the supply of private label buffalo mozzarella.⁵⁷² One competitor in France stated that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry*”.⁵⁷³ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁵⁷⁴

⁵⁶³ Parties' response to RFI 9.

⁵⁶⁴ Questionnaire to competitors, question H.M.9.

⁵⁶⁵ Minutes of the calls with a customer on 29 November 2022, para. 16, and with Intermarché on 28 November 2022, para. 12.

⁵⁶⁶ Questionnaire to competitors, question H.E.D.1.

⁵⁶⁷ Questionnaire to competitors, question H.E.D.1.

⁵⁶⁸ Questionnaire to customers, question I.3.

⁵⁶⁹ Minutes of the call with a competitor on 17 January 2023, para.15.

⁵⁷⁰ Form CO, paragraphs 1322-1328.

⁵⁷¹ Questionnaire to competitors, question I.3.

⁵⁷² Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁵⁷³ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁵⁷⁴ Questionnaire to customers, question I.3.

(479) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of private label buffalo mozzarella to the modern retail channel in France.

6.3.7.6. Mascarpone

(480) Both Lactalis and Ambrosi supply branded mascarpone in the modern retail channel in France. Lactalis supplies branded mascarpone in France via the *Galbani*, *Di Vittorio* and *Castelli* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁵⁷⁵

(481) Lactalis produces in Italy, Poland and Serbia the mascarpone sold in France, whereas Ambrosi purchases the mascarpone from third-party manufacturers.⁵⁷⁶

(482) As shown in Table 29, the combined market share of the Parties is equal to [50-60]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has attributed [30-40]% of the remaining market share to Granarolo and [5-10]% to other unnamed competitors.

Table 29: Market shares for mascarpone (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[50-60]%</i>
Granarolo	[...]	[30-40]%
Others	[...]	[5-10]%
Total sales	3,458	100%

Source: Parties' estimates.

(483) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate when considering both branded and private label suppliers with a small increment; (ii) the Parties will continue to face strong competition from existing suppliers of mascarpone, including Granarolo, Galileo, Newlat, Goldsteig, Caseificio Elda, Sterilgarda and Piątnica, as well as private label suppliers of mascarpone; (iii) retailers can easily switch suppliers; (iv) barriers to entry and expansion are small; (v) retailers have strong bargaining power; and (vi) there is competitive pressure from suppliers of other similar Italian cheeses.⁵⁷⁷

(484) With regard to branded mascarpone in particular, the Notifying Party argues further that (i) brands do not play an important role for mascarpone, (ii) the increment

⁵⁷⁴ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁵⁷⁵ Form CO, paragraphs 823.

⁵⁷⁶ Form CO, paragraphs 821-822.

⁵⁷⁷ Form CO, paragraph 824.

from Ambrosi is small, and (iii) there exist alternative brands including Granarolo, Galileo and Sterilgarda.⁵⁷⁸

- (485) The Commission finds the following:
- (486) *First*, although the combined market share of the Parties is high, the increment added by Ambrosi's market share through the concentration would be small at [0-5]%, resulting in an HHI delta of less than 150 (about [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁵⁷⁹
- (487) *Second*, the Parties will continue to face competition from other existing suppliers of branded mascarpone in France, including from large Italian manufacturer Granarolo, who is already supplying mascarpone in France.⁵⁸⁰ Other manufacturers and suppliers of mascarpone that confirmed that they are already active in France include Igor, Zanetti, Per Inter (a French supplier of third-party cheeses) and Treo (a French supplier of third-party cheeses).⁵⁸¹
- (488) *Third*, the Parties will continue to face (potentially out-of-market) constraints from private label suppliers of mascarpone in France which made up around two thirds of the total demand for mascarpone in the modern retail channel in France in 2021. Ambrosi is not active in the supply of private label mascarpone at all, whereas Lactalis' estimated share is equal to less than [5-10]% in this segment. This means that over [90-100]% of the total supply of private label mascarpone in France comes from competitors of the Parties. Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.
- (489) *Fourth*, four large Italian manufacturers of mascarpone stated that, in case of an increase of demand for mascarpone, they have the capacity to increase exports or start exporting mascarpone to the whole of the EEA, including France.⁵⁸²
- (490) *Fifth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁵⁸³ Many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁵⁸⁴ and which have delisted Lactalis' products several times in the past.⁵⁸⁵ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁵⁸⁶ None of the customers and competitors that were of the view that the concentration's impact on the level of competition in France was negative, expressed any specific concerns in

⁵⁷⁸ Form CO, paragraph 825.

⁵⁷⁹ Horizontal Merger Guidelines, paragraph 20.

⁵⁸⁰ Questionnaire to competitors, question C.A.3.

⁵⁸¹ Questionnaire to competitors, question C.A.3.

⁵⁸² Questionnaire to competitors, question H.M.9.

⁵⁸³ Questionnaire to customers, question I.3.

⁵⁸⁴ Minutes of the call with a competitor on 17 January 2023, para.15.

⁵⁸⁵ Form CO, paragraphs 1322-1328.

⁵⁸⁶ Questionnaire to competitors, question I.3.

relation to branded mascarpone.⁵⁸⁷ One competitor in France stated that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry*”.⁵⁸⁸ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁵⁸⁹

- (491) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded mascarpone to the modern retail channel in France.

6.3.7.7. Ricotta

- (492) Both Lactalis and Ambrosi supply ricotta in the modern retail channel and in the OOH channel in France.

6.3.7.7.1. Modern retail

- (493) Both Lactalis and Ambrosi supply branded ricotta in the modern retail channel in France. Lactalis supplies branded ricotta in France via the *Galbani*, *Alival*, *Castelli* and *Vallelata* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁵⁹⁰
- (494) Lactalis produces in Italy, Croatia and Romania the ricotta sold in France, whereas Ambrosi purchases the ricotta from third-party manufacturers.⁵⁹¹
- (495) As shown in Table 30, the combined market share of the Parties is equal to [30-40]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has attributed [50-60]% of the remaining market share to Granarolo and [10-20]% to other unnamed competitors.

Table 30: Market shares for ricotta (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Granarolo	[...]	[50-60]%
Others	[...]	[10-20]%
Total sales	767	100%

Source: Parties' estimates.

- (496) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share and the increment are moderate; (ii) the Parties will continue to face strong competition

⁵⁸⁷ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁵⁸⁸ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁵⁸⁹ Questionnaire to customers, question I.3.

⁵⁸⁹ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁵⁹⁰ Form CO, paragraphs 827.

⁵⁹¹ Form CO, paragraphs 826-827.

from existing suppliers of branded ricotta, including Granarolo, Sterilgarda, Goldsteig, Brimi, Caseificio Elda, Valcolatte, Campo Dei Fiori, and Sabelli, as well as private label suppliers of mascarpone; (iii) competitors like Granarolo can quickly expand capacity (iv) retailers can easily switch suppliers; (v) barriers to entry and expansion are small; (vi) retailers have strong bargaining power; and (vii) there is competitive pressure from suppliers of other similar Italian cheeses.⁵⁹²

(497) The Commission finds the following:

(498) *First*, the combined market share of the Parties is not very high at [30-40]% and the increment added by Ambrosi's market share through the concentration would be small at only [0-5]% (with only [volume] of branded ricotta supplied by Ambrosi in 2021). The concentration would result in an HHI delta of significantly less than 150 (about [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁵⁹³

(499) *Second*, the Parties will continue to face competition from other existing suppliers of branded and private label ricotta in France, including particularly from large the Italian manufacturer Granarolo, who confirmed that it already supplies ricotta in France.⁵⁹⁴ Other manufacturers and suppliers of ricotta that confirmed that they are already active in France include Soster Formaggio, Per Inter and Zanetti.⁵⁹⁵

(500) *Third*, five Italian manufacturers of ricotta and one third-party supplier from the Nordic countries stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including France.⁵⁹⁶

(501) *Fourth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁵⁹⁷ Many of the customers believing the impact would be negative are large French retailers, which appear to have strong buyer power⁵⁹⁸ and which have delisted Lactalis' products several times in the past.⁵⁹⁹ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁶⁰⁰ None of the customers and competitors that were of the view that the concentration's impact on the level of competition in France was negative, expressed any specific concerns in relation to branded ricotta.⁶⁰¹ One competitor in France stated that "*the transaction does not raise any concerns and may be even positive for the Italian cheese*

⁵⁹² Form CO, paragraph 829.

⁵⁹³ Horizontal Merger Guidelines, paragraph 20.

⁵⁹⁴ Questionnaire to competitors, question C.A.3.

⁵⁹⁵ Questionnaire to competitors, question C.A.3.

⁵⁹⁶ Questionnaire to competitors, question H.M.9.

⁵⁹⁷ Questionnaire to customers, question I.3.

⁵⁹⁸ Minutes of the call with a competitor on 17 January 2023, para.15.

⁵⁹⁹ Form CO, paragraphs 1322-1328.

⁶⁰⁰ Questionnaire to competitors, question I.3.

⁶⁰¹ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

industry.⁶⁰² In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁶⁰³

(502) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in France.

6.3.7.7.2. OOH channel

(503) As shown in Table 31, the combined market share of the Parties in the supply of ricotta to the OOH channel in France is equal to [30-40]% whereas the increment from Ambrosi is equal to [5-10]%. The Notifying Party has not attributed the remaining [60-70]% of market share to any specific other competitors.

Table 31: Market shares for ricotta in the OOH channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	1,698	100%

Source: Parties' estimates.

(504) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share and the increment are moderate; (ii) the Parties will continue to face strong competition from existing suppliers of ricotta, including Granarolo, Sterilgarda, Valcolatte, Caseificio Elda, Campo Dei Fiori and Caseificio Sabelli; (iii) competitors like Granarolo can quickly expand capacity (iv) retailers can easily switch suppliers; (v) there are no significant barriers to entry and expansion; (vi) retailers have strong bargaining power; and (vii) there is competitive pressure from suppliers of other similar Italian cheeses.⁶⁰⁴

(505) The Commission finds the following:

(506) *First*, the combined market share of the Parties is not very high at [30-40]%.

(507) *Second*, the Parties will continue to face competition from other existing suppliers of ricotta in France, including particularly from the large Italian manufacturer Granarolo, who confirmed that it already supplies ricotta in France.⁶⁰⁵ Other manufacturers and suppliers of ricotta that confirmed that they are already active in France include Soster Formaggio, Per Inter and Zanetti.⁶⁰⁶

⁶⁰² Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁶⁰³ Questionnaire to customers, question I.3.

⁶⁰³ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁶⁰⁴ Form CO, paragraph 847.

⁶⁰⁵ Questionnaire to competitors, question C.A.3.

⁶⁰⁶ Questionnaire to competitors, question C.A.3.

- (508) *Third*, upstream the Parties only produce a relatively limited amount of the total volume of ricotta sold in the EEA and elsewhere. In particular, Lactalis’ production share for Italian produced ricotta was equal to only around [10-20]% in 2022, whereas Ambrosi does not produce ricotta at all and instead only resells ricotta produced by third-parties.⁶⁰⁷ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in France will continue to be able to import ricotta from a range of manufacturers independent from the Parties. In this regard, five Italian manufacturers of ricotta and one third-party supplier from one of the Nordic countries stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including France.⁶⁰⁸
- (509) *Fourth*, there is potential for alternative suppliers to come into the market for the supply of ricotta in France=.
- (a) One competitor of the Parties in the supply of fresh cheeses to the OOH channel in France noted that they do not have their own distribution network but rely instead on a third-party distributor that handles both fresh and frozen products. According to this competitor of the Parties, “*having a distribution network does not constitute a competitive advantage in the cheese market*”.⁶⁰⁹ It should therefore be readily possible for Italian producers of ricotta to start supplying the French OOH market segment without having to establish their own distribution network in France.
- (b) The views of customers and competitors regarding how easy or difficult it is to enter the French market are not uniform. First, whilst some of the responding competitors find it “difficult” or “very difficult”, approximately the same number of competitors find it “very easy”, “easy” or “medium”.⁶¹⁰ Second, some of the customers having expressed an opinion state that it is difficult, approximately the same number of customers state that it is medium.⁶¹¹
- (510) *Fifth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration’s impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁶¹² Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁶¹³ None of the customers and competitors that were of the view that the concentration’s impact on the level of competition in France was negative, expressed any specific concerns in relation to private label ricotta.⁶¹⁴ One competitor in France stated that “*the transaction does not raise any concerns and may be even positive for the Italian cheese industry*”.⁶¹⁵ In addition, a majority of

⁶⁰⁷ Parties’ response to RFI 9.

⁶⁰⁸ Questionnaire to competitors, question H.M.9.

⁶⁰⁹ Minutes from a call with a French supplier of cow mozzarella, 17 January 2023, paragraph 12.

⁶¹⁰ Questionnaire to competitors, question H.E.D.1.

⁶¹¹ Questionnaire to competitors, question H.E.D.1.

⁶¹² Questionnaire to customers, question I.3.

⁶¹³ Questionnaire to competitors, question I.3.

⁶¹⁴ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁶¹⁵ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁶¹⁶

(511) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of ricotta to the OOH channel in France.

6.3.7.8. Feta

(512) Both Lactalis and Ambrosi supply branded feta in the modern retail channel in France. Lactalis supplies branded feta in France via the *Salakis* and *Greco* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁶¹⁷

(513) Lactalis produces in France, Greece, Romania, Serbia, Turkey, Spain, and Croatia the feta sold in France, whereas Ambrosi purchases the feta from third-party manufacturers.⁶¹⁸

(514) As shown in Table 32, the combined market share of the Parties is equal to [70-80]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has attributed [5-10]% of the remaining market share to Savencia and [10-20]% to other unnamed competitors.

Table 32: Market shares for feta (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[70-80]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[70-80]%</i>
Savencia	[...]	[5-10]%
Others	[...]	[10-20]%
Total sales	5,849	100%

Source: Parties' estimates.

(515) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share when looking at branded and private label sales combined is moderate and the increment is trivial; (ii) the Parties are not close competitors, because Ambrosi does not manufacture feta cheese, (iii) the Parties will continue to face strong competition from existing suppliers of branded feta, including Bel (with the Syrtos brand), and from private label suppliers of feta, including Arla, La Farm, Tyras, and Hochland; (iv) retailers can easily switch suppliers; (v) retailers have strong bargaining power; and (vi) barriers to entry and expansion are small.⁶¹⁹

⁶¹⁶ Questionnaire to customers, question I.3.

⁶¹⁶ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁶¹⁷ Form CO, paragraphs 841.

⁶¹⁸ Form CO, paragraphs 841.

⁶¹⁹ Form CO, paragraphs 842-843.

- (516) The Commission finds the following:
- (517) *First*, while the combined market share of the Parties is high, the increment added by Ambrosi's market share through the concentration would be small at only [0-5]% (with only [volume] of branded feta supplied by Ambrosi in 2021). The concentration would result in an HHI delta of less than 150 (about [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶²⁰
- (518) *Second*, the Parties will continue to face competition from other existing suppliers of branded feta in France, including particularly from Bel,⁶²¹ as well as from Granarolo, Per Inter and Savencia, who all confirmed during the market investigation that they already supply feta in France.⁶²²
- (519) *Third*, the Parties will continue to face (potential out-of-market) constraints from private label suppliers of feta in France which made up over half of the total demand for feta in the modern retail channel in France in 2021. Ambrosi is not active at all in the supply of private label feta in France, whereas Lactalis' estimated share is only [20-30]% in this segment. During the *Lactalis/Nuova Castelli* investigation, Arla Foods, LA Farm, Tyras and Hochland were identified as the most important competitors in the supply of private label feta in France.⁶²³ Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.
- (520) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded feta to the modern retail channel in France.

6.3.7.9. Gorgonzola

- (521) Based on the Parties' market share estimates, their combined market shares in volume for the supply of PDO gorgonzola in France in 2021 are: (i) [40-50]% for branded PDO gorgonzola the modern retail channel ([30-40]% Lactalis and [10-20]% Ambrosi); (ii) [30-40]% for private label PDO gorgonzola the modern retail channel ([30-40]% Lactalis and [0-5]% Ambrosi); (iii) [30-40]% for branded PDO gorgonzola the traditional retail channel ([0-5]% Lactalis and [30-40]% Ambrosi); and (iv) [20-30]% for the OOH channel ([0-5]% Lactalis and [20-30]% Ambrosi). The Notifying Party has not attributed the remaining market shares in each segment to any specific other competitors.
- (522) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons:⁶²⁴ (i) in all sales channels, the Parties' combined market share is moderate, and in the traditional retail channel the increment is trivial; (ii) the Parties are not close competitors (Lactalis produces gorgonzola, whilst Ambrosi does not); (iii) there is competitive pressure from suppliers of other similar Italian cheese; (iv) there are no significant barriers to

⁶²⁰ Horizontal Merger Guidelines, paragraph 20.

⁶²¹ M.9413 Lactalis/Nuova Castelli, paragraph 415.

⁶²² Questionnaire to competitors, question C.A.3.

⁶²³ M.9413 Lactalis/Nuova Castelli, paragraph 415.

⁶²⁴ Form CO, paragraphs 819 and 852, Annex 7.6 to the Form CO, paragraphs 28 and 32.

entry and expansion; (v) retailers can easily switch suppliers; (vi) retailers have a strong bargaining power (e.g. Auchan, Casino, Leclerc, Eurelec, Carrefour, SU, Metro, Aldi, Lidl, Provera, and Intermarché); (vii) the Parties will continue to face strong competition from brands such as Igor, Vivaldi, Defendi, Zanetti, Gelmini and Costa in the modern retail channel⁶²⁵ and the same suppliers as well as Biraghi in the traditional retail channel⁶²⁶; and (viii) the Parties will continue to face strong competition from private label suppliers such as Igor, Vivaldi and Zanetti, Savencia and Arrigoni Battista.⁶²⁷

6.3.7.9.1. Modern retail channel (brands)

(523) With respect to the branded segment of the modern retail channel, the Commission finds the following:

Table 33: Market shares for gorgonzola (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[10-20]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Others	[...]	[50-60]%
Total sales	1,170	100%

Source: Parties' estimates.

(524) *First*, although the combined market share of the Parties in the supply of branded gorgonzola to the modern retail channel is relatively high, the Parties will continue to face competition from other suppliers of branded gorgonzola in France post-concentration. Igor, Codipal Granarolo, Zanetti, Per Inter, Alliance Eurofoods, Ciresa, Casa Azzurra and Michelangelo have been identified in the market investigation as main suppliers of branded gorgonzola to retailers in France.⁶²⁸

(525) *Second*, a competitor active in France has also stated that it “does not have any concerns in relation to the Gorgonzola market because Ambrosi sells Gorgonzola only in limited quantities and is not popular enough to create imbalances on the Gorgonzola market post-transaction.”⁶²⁹

6.3.7.9.2. Modern retail channel (private label)

(526) With respect to the private label segment of the modern retail channel, the Commission finds the following:

⁶²⁵ Annex 7.6 to the Form CO, paragraph 28.

⁶²⁶ Annex 7.6 to the Form CO, paragraph 32.

⁶²⁷ Annex 7.6 to the Form CO, paragraph 28.

⁶²⁸ Questionnaire to customers, question H.E.A.1.

⁶²⁹ Minutes from a call with a competitor on 13 January 2023, paragraph 22.

Table 34: Market shares for gorgonzola (private label) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	674	100%

Source: Parties' estimates.

(527) *First*, the combined market share of the Parties in the supply of private label gorgonzola to the modern retail channel is not very high at [30-40]% and the increment is limited to [0-5]%. A competitor active in the supply of gorgonzola in France has stated that it “*does not consider [Ambrosi] as a strong competitor in Gorgonzola*”.⁶³⁰

(528) *Second*, the Parties will continue to face competition from other suppliers of private label gorgonzola in France post-concentration. Igor, CIPF Codipal/Granarolo, Zanetti/ICEF, Per Inter, GSI, Alliance Eurofood, Gelimini Carlo SRL, Bellon Import, Si Invernizzi, Defendi, Mauri Emilio and Arrigoni have been identified in the market investigation as main suppliers of private label gorgonzola to retailers in France.⁶³¹

6.3.7.9.3. Traditional retail channel

(529) With respect to the branded segment of the traditional retail channel, the Commission finds the following:

Table 35: Market shares for gorgonzola (branded) in the traditional retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[30-40]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	1,243	100%

Source: Parties' estimates.

(530) *First*, the combined market share of the Parties in the supply of branded gorgonzola to the traditional retail channel is not very high at [30-40]%, and the increment is only [0-5]%. The concentration would thus result in an HHI delta of less than 150 (approx. [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶³²

⁶³⁰ Minutes of a call with a competitor on 13 January 2023, paragraph 6.

⁶³¹ Questionnaire to customers, question H.E.A.2; Questionnaire to competitors, question H.E.A.2.

⁶³² Horizontal Merger Guidelines, paragraph 20.

(531) *Second*, the Parties will continue to face competition from other suppliers of branded gorgonzola in France post-concentration. Igor, Codipal Granarolo, Zanetti, Per Inter, Alliance Eurofoods, Ciresa, Casa Azzurra and Michelangelo have been identified in the market investigation as main suppliers of branded gorgonzola to retailers in France.⁶³³

6.3.7.9.4. OOH channel

Table 36: Market shares for gorgonzola in the OOH channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	1,217	100%

Source: Parties' estimates.

(532) *First*, the combined market share of the Parties in the supply of gorgonzola to the OOHchannel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶³⁴

(533) *Second*, the increment is limited to [0-5]%. The concentration would thus result in an HHI delta of less than 150 (approx. [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶³⁵

(534) *Third*, significant suppliers active in the sale of gorgonzola in France, namely Zanetti, Granarolo and Igor, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel. Hence, post-merger, it appears as if the Parties would also face competition in the Ho.Re.Ca channel in France from competitors supplying the modern retail channel.⁶³⁶

6.3.7.9.5. All sales channels

(535) The following assessment applies irrespective of the sales channel and irrespective of whether segmented between branded and private label products, unless otherwise specified.

(536) *First*, when asked who they would buy gorgonzola from if they could not buy from Lactalis, French customers mentioned Ambrosi but also Igor, Per Inter, Ciresa, CIPF Codipal, For Food France and Alliance Eurofood as alternatives.⁶³⁷ The same suppliers as well as Gelmini, Galileo and Lactalis were identified by French

⁶³³ Questionnaire to customers, question H.E.A.1.

⁶³⁴ Horizontal Merger Guidelines, paragraph 18.

⁶³⁵ Horizontal Merger Guidelines, paragraph 20.

⁶³⁶ Questionnaire to competitors, questions D.D.5-1 and C.A.3.

⁶³⁷ Questionnaire to customers, question H.E.A.5.

customers when asked who they would turn to in case they could not buy their gorgonzola from Ambrosi.⁶³⁸

(537) *Second*, there is potential for new suppliers of gorgonzola to come into the market in France.

(a) Specifically with regard to the modern retail channel, large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by cheese suppliers to distribute their products in France.⁶³⁹

(b) However, the views of customers and competitors regarding how easy or difficult it is for a supplier of Italian cheese, such as gorgonzola, to enter the French market are not uniform. First, whilst some of the responding competitors held that entry would be difficult or very difficult, approximately the same number of competitors held that this would be very easy, easy or medium.⁶⁴⁰ Nevertheless, a majority of competitors having expressed an opinion found it likely that customers would import gorgonzola from a supplier not yet present in France in case of a lasting and significant (5-10%) price increase for gorgonzola.⁶⁴¹ *Second*, customers do also not have uniform views on how easy or difficult it is to import Italian cheeses from a supplier not yet present in France. Whilst some of the customers having expressed an opinion indicated that entry would be difficult or very difficult, approximately the same number of customers indicated that it would be “medium”.⁶⁴² With regard to the likelihood of customers importing gorgonzola from a supplier not yet present in France in case of such a price increase as described above, an equal number of responding customers found it to be likely or very likely, on the one hand, and unlikely or very unlikely, on the other.⁶⁴³ The results of the market investigation are thus inconclusive in this regard.

(c) Nevertheless, a number of competitors of the Parties have indicated that, in case of an increase of the demand for gorgonzola, they have the capacity to increase exports or start exporting gorgonzola to the whole EEA.⁶⁴⁴ This includes a competitor that is already supplying gorgonzola in France.⁶⁴⁵

(538) *Second*, switching suppliers of gorgonzola appears to be relatively easy from a logistical point of view since, due to the PDO requirements, these products are all produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. One competitor further explained that it “normally uses distributors to sell its Gorgonzola abroad and either the distributor or the retailer puts together in one truck the products from different Italian suppliers to reduce their logistics costs.”⁶⁴⁶

(539) *Third*, whilst a majority of the customers having expressed an opinion were of the view that the concentration’s impact on the level of competition in the wholesale

⁶³⁸ Questionnaire to customers, question H.E.A.6.

⁶³⁹ Minutes of a call with a customer on 29 November 2022, paragraph 16; minutes of a call with a competitor on 28 November 2022, paragraph 12.

⁶⁴⁰ Questionnaire to competitors, question H.E.D.1.

⁶⁴¹ Questionnaire to competitors, question H.E.A.7.

⁶⁴² Questionnaire to competitors, question H.E.D.1.

⁶⁴³ Questionnaire to customers, question H.E.A.7.

⁶⁴⁴ Questionnaire to competitors, question H.M.9.

⁶⁴⁵ Questionnaire to competitors, question C.A.3.

⁶⁴⁶ Minutes of a call with a competitor on 13 January 2023, paragraph 26.

distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁶⁴⁷ Many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁶⁴⁸ (as evidenced, for example, by their ability to delist Lactalis' products several times in the past).⁶⁴⁹ Furthermore, none of the customers who responded that the impact would be negative expressed concerns specifically with regard to the supply of gorgonzola.⁶⁵⁰ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁶⁵¹ However, none of the competitors who responded that the impact would be negative expressed concerns specifically with regard to the supply of gorgonzola.⁶⁵² Furthermore, none of the competitors believing that the impact would be negative in France are supplying gorgonzola in France. Contrarily, all competitors currently supplying gorgonzola in France held that that the impact would be neutral or positive.⁶⁵³ A gorgonzola competitor in France stated that "*the transaction does not raise any concerns and may be even positive for the Italian cheese industry.*"⁶⁵⁴ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁶⁵⁵

6.3.7.9.6. Conclusions

(540) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of gorgonzola in France, irrespective of the sales channel or whether segmented between branded and private label products.

6.3.7.10. Swiss-type cheese

(541) The Parties' combined market share in the supply of branded Swiss-type cheese to the modern retail channel in France is [50-60]%, with an increment of [0-5]%. Of the remaining market shares, the Notifying Party has attributed [20-30]% to Entremont and [20-30]% to Sodiaal. The Notifying Party has not attributed the remaining [0-5]% of the market shares to any specific other competitors.

⁶⁴⁷ Questionnaire to customers, question I.3.

⁶⁴⁸ Minutes of the call with a competitor on 17 January 2023, para.15.

⁶⁴⁹ Form CO, paragraphs 1322-1328.

⁶⁵⁰ Questionnaire to customers, question I.4.

⁶⁵¹ Questionnaire to competitors, question I.3.

⁶⁵² Questionnaire to competitors, question I.4.

⁶⁵³ Questionnaire to competitors, question I.3 and question C.A.3.

⁶⁵⁴ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

⁶⁵⁵ Questionnaire to customers, question I.3.

⁶⁵⁵ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

Table 37: Market shares for Swiss-type cheese (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[50-60]%</i>
Entremont	[...]	[20-30]%
Sodiaal	[...]	[20-30]%
Others	[...]	[0-5]%
Total sales	50,003	100%

Source: Parties' estimates.

- (542) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment is moderate; (ii) Ambrosi's brand is irrelevant for Swiss-type cheese; (iii) the Parties will continue to face strong competition from e.g. Minus, Sodiaal Entremont, and Mifroma; (iv); retailers have a strong bargaining power (e.g. Auchan, Leclerc, Metro, Aldi, Lidl, Carrefour, SU, Provera, and Intermarché); and (v) there are no significant barriers to entry or expansion in terms of costs, time and investments.⁶⁵⁶
- (543) The Commission finds the following:
- (544) *First*, although the combined market share of the Parties is high, the increment added to Lactalis' market share through the concentration is limited to [0-5]%, resulting in an HHI delta of less than 150 (approx. [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶⁵⁷
- (545) *Second*, the Parties would continue to face competition from other suppliers of Swiss-type cheese in France. Mifroma, Entremont, Cremo, Savencia, Fromagerie le Centurion, Terre d'or fromagerie and Delica France have been identified in the market investigation as main suppliers of Swiss-type cheese to retailers in France.⁶⁵⁸ Furthermore, Granarolo has also indicated that it supplies Swiss-type cheese in France.⁶⁵⁹ Thus, suppliers of Swiss-type cheese other than those cited by the Parties were identified by the Commission through the market investigation.
- (546) *Third*, large French modern trade retailers have their own distribution networks and warehouses close to the Italian border that can be used by cheese suppliers to distribute their products in France.⁶⁶⁰
- (547) *Fourth*, a competitor of the Parties has indicated that, in case of an increase of the demand for Swiss-type cheese, it has the capacity to increase exports or start exporting Swiss-type cheese to the whole EEA.⁶⁶¹

⁶⁵⁶ Form CO, paragraphs 835-836.

⁶⁵⁷ Horizontal Merger Guidelines, paragraph 20.

⁶⁵⁸ Questionnaire to customers, question H.E.C.3; Questionnaire to competitors, question H.E.C.3.

⁶⁵⁹ Questionnaire to competitors, question C.A.3.

⁶⁶⁰ Minutes of a call with a customer on 29 November 2022, paragraph 16; minutes of a call with a competitor on 28 November 2022, paragraph 12.

- (548) *Fifth*, large modern French retailers appear to have strong buyer power⁶⁶² (as evidenced, for example, by their ability to delist Lactalis' products several times in the past).⁶⁶³
- (549) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded Swiss-type cheese to the modern retail channel in France.

6.3.7.11. Taleggio

- (550) Based on the Parties' market share estimates, their combined volume market shares for PDO taleggio in France in 2021 are: (i) [20-30]% for branded PDO taleggio in the modern retail channel ([0-5]% Lactalis and [20-30]% Ambrosi); and (ii) [50-60]% for the OOH channel ([0-5]% Lactalis and [50-60]% Ambrosi). The Notifying Party has not attributed the remaining market shares in each segment to any specific other competitors.
- (551) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought by the concentration is modest, and in the modern retail channel the Parties' combined market share is moderate; (ii) the modern trade market dimension is small (27.9 tonnes sold in 2021 overall) and so is the OOH market dimension (116 tonnes sold in 2021 overall); (iii) the Parties are not close competitors; (iv) the Parties will continue to face competition in the modern retail channel from a number of competitors such as Vivaldi and Defendi; (v) the Parties will also continue to face competition from a number of competitors in the OOH channel such as Vivaldi, Defendi and Ciresa Formaggi; (vi) there are no significant barriers to entry or expansion; (vii) customers have the ability to switch suppliers; and (viii) there is competitive pressure from suppliers of other similar cheese.⁶⁶⁴

6.3.7.11.1. Modern retail

- (552) With respect to the branded segment of the modern retail channel, the Commission finds the following:

Table 38: Market shares for PDO taleggio (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	[...]	[20-30]%
Others	[...]	[70-80]%
Total sales	28	100%

Source: Parties' estimates.

⁶⁶¹ Questionnaire to competitors, question H.M.9.

⁶⁶² Minutes of the call with a competitor on 17 January 2023, para.15.

⁶⁶³ Form CO, paragraphs 1322-1328.

⁶⁶⁴ Form CO, paragraph 854 and the Notifying Party's reply to RFI 8, question 1, paragraph 1.1.

- (553) *First*, the combined market share of the Parties is not very high at [20-30]%, and the increment is limited to [0-5]%.
- (554) *Second*, the Parties will continue to face competition from other suppliers of taleggio post-concentration, notably from Igor, Zanetti and Granarolo.⁶⁶⁵

6.3.7.11.2. OOH Channel

- (555) With respect to the OOH segment of the modern retail channel, the Commission finds the following:

Table 39: Market shares for PDO taleggio in the OOH channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[50-60]%
<i>Combined</i>	[...]	[50-60]%
Others	[...]	[40-50]%
Total sales	117	100%

Source: Parties' estimates.

- (556) *First*, although the combined market share of the Parties is high, the increment added to Lactalis' market share through the concentration is only [0-5]%, resulting in an HHI delta of less than 150 (approx. [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶⁶⁶
- (557) *Second*, the Parties will continue to face competition from other suppliers of taleggio post-concentration. Igor, Vivaldi, Ciresa, Pet Inter, Valcolatte, Alliance Eurofood and Galileo have been identified in the market investigation as main suppliers of taleggio to industrial and Ho.Re.Ca customers in France.⁶⁶⁷ Zanetti and Granarolo have also indicated that they are supplying taleggio in France.⁶⁶⁸
- (558) *Third*, significant suppliers active in the sale of taleggio in France, namely Zanetti, Granarolo and Igor, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel. Hence, post-merger, it appears as if the Parties for their sales to Ho.Re.Ca customers would also face competitive constraint from companies supplying the modern retail channel.⁶⁶⁹

6.3.7.11.3. All sales channels

- (559) The following assessment applies irrespective of the sales channel, unless otherwise specified.

⁶⁶⁵ Questionnaire to competitors, question C.A.3.

⁶⁶⁶ Horizontal Merger Guidelines, paragraph 20.

⁶⁶⁷ Questionnaire to customers, question H.E.C.4; Questionnaire to competitors, question H.E.C.4.

⁶⁶⁸ Questionnaire to competitors, question C.A.3.

⁶⁶⁹ Questionnaire to competitors, questions D.D.5-1 and C.A.3.

- (560) *First*, there is potential for new suppliers of taleggio to come into the market in France.
- (a) With 27.9 tonnes of taleggio sold overall to the modern retail channel in France in 2021, and 116 tonnes sold overall to the OOH channel, the sizes of the markets are relatively small. Thus, also suppliers of taleggio with lower output volumes could satisfy the need for taleggio in France. This also means that the the Parties' market positioning is not entrenched, as limited sales would allow competitors to capture large portions of the market and since the switch of an important customer could reshuffle market shares.
 - (b) However, the views of customers and competitors regarding how easy or difficult it is for a supplier of Italian cheese, such as gorgonzola, to enter the French market are not entirely uniform. Whilst some of the responding competitors held that entry would be difficult or very difficult, approximately the same number of competitors held that this would be very easy, easy or medium.⁶⁷⁰ Moreover, whilst a some of the customers having expressed an opinion indicated that entry would be difficult or very difficult, approximately the same number of customers indicated that it would be "medium".⁶⁷¹ The results of the market investigation are thus inconclusive in this regard.
 - (c) Nevertheless, several competitors of the Parties have indicated that, in case of an increase of the demand for taleggio, they have the capacity to increase exports or start exporting taleggio to the whole EEA.⁶⁷² This includes a competitor who is already supplying taleggio in France.⁶⁷³
- (561) Second, from a logistical point of view, switching suppliers of PDO taleggio appears to be relatively easy since, due to the PDO requirements, these products are all produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (562) *Third*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁶⁷⁴ Furthermore, many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁶⁷⁵ (as evidenced, for instance, by their ability to delist several products supplied by Lactalis in the past⁶⁷⁶). None of the customers who responded that the impact would be negative expressed concerns specifically with regard to the supply of mozzarella.⁶⁷⁷ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the

⁶⁷⁰ Questionnaire to competitors, question H.E.D.1.

⁶⁷¹ Questionnaire to competitors, question H.E.D.1.

⁶⁷² Questionnaire to competitors, question H.M.9.

⁶⁷³ Questionnaire to competitors, question C.A.3.

⁶⁷⁴ Questionnaire to customers, question I.3.

⁶⁷⁵ Minutes of the call with a competitor on 17 January 2023, para.15.

⁶⁷⁶ Form CO, paragraphs 1322-1328.

⁶⁷⁷ Questionnaire to customers, question I.4.

same number of competitors found that this impact would be neutral or positive.⁶⁷⁸ None of the customers who responded that the impact would be negative expressed concerns specifically with regard to the supply of mozzarella.⁶⁷⁹ However, none of the competitors believing that the impact in France would be negative are supplying taleggio in France.⁶⁸⁰ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁶⁸¹

6.3.7.11.4. Conclusions

(563) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible markets for the supply of branded PDO taleggio to the modern retail channel in France or PDO taleggio to the OOH channel in France.

6.3.7.12. Magor

(564) The Parties' combined market share in the supply of branded magor to the modern retail channel in France is [30-40]%, with an increment of [5-10]%. The Notifying Party has not attributed the remaining [60-70]% of the market shares to any specific other competitors.

Table 40: Market shares for magor (branded) in the modern retail channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	713	100%

Source: Parties' estimates.

(565) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate; (ii) the market dimension is small (1123.3 tonnes in 2021); (iii) the Parties will continue to face strong competition from important brands such as such as SA Alliance Food, Galileo, Treo, Codipal/Granarolo; (iv) retailers have strong bargaining powers (e.g. Auchan, Leclerc, Metro, Aldi, Lidl, Carrefour, SU, Provera, and Intermarché); (v) there are no significant barriers to the entry or expansion for magor in terms of costs and time.⁶⁸²

(566) The Commission finds the following:

(567) *First*, the Parties' combined market share is not very high at [30-40]%

⁶⁷⁸ Questionnaire to competitors, question I.3.

⁶⁷⁹ Questionnaire to competitors, question I.4.

⁶⁸⁰ Questionnaire to competitors, questions I.3 and C.A.3.

⁶⁸¹ Questionnaire to customers, question I.3.

⁶⁸² Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

Form CO, paragraph 839.

- (568) *Second*, the Parties will continue to face competition from other suppliers of magor in France. In particular, Igor, Vivaldi, Alliance Eurofood, Granarolo, Ciresa, Per Inter, Galileo, CLM Diffusion, Defendi and Bassi have been identified as important suppliers of magor to retailers in France.⁶⁸³
- (569) *Third*, several competitors of the Parties have indicated that, in case of an increase of the demand for magor, they have the capacity to increase exports or start exporting magor to the whole EEA.⁶⁸⁴ This includes a competitor who is already supplying magor in France.⁶⁸⁵
- (570) *Fourth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority held that it would be neutral or positive.⁶⁸⁶ Many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁶⁸⁷ (as evidenced, for instance, by their ability to delist several products supplied by Lactalis in the past⁶⁸⁸). None of the customers who responded that the impact would be negative have expressed concerns specifically with regard to the supply of branded magor to the retail channel in France.⁶⁸⁹ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁶⁹⁰ However, none of the competitors who responded that the impact would be negative have expressed concerns specifically with regard to the supply of branded magor to the retail channel in France.⁶⁹¹ Furthermore, none of the competitors believing that the impact in France would be negative are supplying magor in France. The one competitor who expressed a view that is supplying magor in France held that the impact would be positive.⁶⁹² In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁶⁹³
- (571) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded magor to the modern retail channel in France.

6.3.7.13. Paste filate

- (572) The Parties combined market share in the supply of paste filate to the OOH channel in France is [30-40]%, with an increment of [0-5]%. The Notifying Party has not

⁶⁸³ Questionnaire to customers, question H.E.C.1; Questionnaire to competitors, question H.E.C.1.

⁶⁸⁴ Questionnaire to competitors, question H.M.9.

⁶⁸⁵ Questionnaire to competitors, question C.A.3.

⁶⁸⁶ Questionnaire to customers, question I.3.

⁶⁸⁷ Minutes of the call with a competitor on 17 January 2023, paragraph 15.

⁶⁸⁸ Form CO, paragraphs 1322-1328.

⁶⁸⁹ Questionnaire to customers, question I.4.

⁶⁹⁰ Questionnaire to competitors, question I.3.

⁶⁹¹ Questionnaire to competitors, question I.4.

⁶⁹² Questionnaire to competitors, questions I.3 and C.A.3.

⁶⁹³ Questionnaire to customers, question I.3.

⁶⁹³ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

attributed the remaining [60-70]% of the market shares to any specific other competitors.

Table 41: Market shares for paste filate in the OOH channel in France (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[30-40]%
<i>Combined</i>	[...]	[30-40]%
Others	[...]	[60-70]%
Total sales	306	100%

Source: Parties' estimates.

- (573) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment is trivial; (ii) the market dimension is small (305 tonnes in 2021); (iii) the Parties will continue to face competition in the industrial and Ho.Re.Ca channel in France from Belgomilk, DMK, Eurial, Arla Foods, Granarolo, Arla Foods, Eurial, Pamona, Biancalatte and Valmartin (iv) there are no significant barriers to entry or expansion; (v) customers have the ability to switch suppliers; (vi) there is competitive pressure from suppliers of other similar cheese.⁶⁹⁴
- (574) The Commission finds the following:
- (575) *First*, the combined market share of the Parties is not very high at [30-40]% and the increment added to Lactalis' market share through the concentration is limited to [0-5]%, resulting in an HHI delta of less than 150 (approx. [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁶⁹⁵
- (576) *Second*, the Parties will continue to face competition from other suppliers of paste filate. Alliance Eurofood, Granarolo, Ciresa, Per Inter, CLM Diffusion, Galileo, Tippagral, Valcolatte, Eurial and Arla have been identified as main suppliers of paste filate to industrial and Ho.Re.Ca customers in France.⁶⁹⁶ Furthermore, Zanetti, Produttori Latte associati Cremona Soc Coop, Ferrari Giovanni and Treo have indicated that they also supply paste filate in France.⁶⁹⁷
- (577) *Third*, several competitors of the Parties have indicated that, in case of an increase of the demand for paste filate, they have the capacity to increase exports or start exporting paste filate to the whole EEA.⁶⁹⁸ This includes a competitor who is already supplying paste filate in France.⁶⁹⁹
- (578) *Fourth*, whilst a majority of the customers having expressed an opinion were of the view that the concentration's impact on the level of competition in the wholesale distribution of Italian cheese in France would be negative, a significant minority

⁶⁹⁴ Form CO, paragraph 848; The Notifying Party's reply to RFI 8, question 4, paragraph 4.1.

⁶⁹⁵ Horizontal Merger Guidelines, paragraph 20.

⁶⁹⁶ Questionnaire to customers, question H.E.C.2; Questionnaire to competitors, question H.E.C.2.

⁶⁹⁷ Questionnaire to competitors, question C.A.3.

⁶⁹⁸ Questionnaire to competitors, question H.M.9.

⁶⁹⁹ Questionnaire to competitors, question C.A.3.

held that it would be neutral or positive.⁷⁰⁰ Furthermore, many of the customers believing the impact would be negative are large French retailers, which appear to have a strong buyer power⁷⁰¹ (as evidenced, for instance, by their ability to delist several products supplied by Lactalis in the past⁷⁰²). None of the customers who responded that the impact would be negative expressed concerns specifically with regard to the supply of paste filate to the OOH channel in France.⁷⁰³ Moreover, whilst some of the responding competitors held that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheese in France, almost the same number of competitors found that this impact would be neutral or positive.⁷⁰⁴ However, of the competitors currently supplying paste filate in France, a majority held that the impact would be neutral or positive.⁷⁰⁵ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁷⁰⁶

(579) *Fifth*, significant suppliers active in the sale of paste filate in France, namely Zanetti and Granarolo, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel.⁷⁰⁷ Hence, post-merger, it appears as if the Parties, when supplying paste filate to Ho.Re.Ca customers, would also face competitive constraint from companies supplying paste filate to the modern retail channel.

(580) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of paste filate to the OOH channel in France.

6.3.8. Germany

(581) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the cheese type ricotta in Germany.⁷⁰⁸

6.3.8.1. Ricotta

(582) Both Lactalis and Ambrosi supply ricotta in the modern retail channel and in the OOH channel in Germany.

⁷⁰⁰ Questionnaire to customers, question I.3.

⁷⁰¹ Minutes of the call with a competitor on 17 January 2023, para.15.

⁷⁰² Form CO, paragraphs 1322-1328.

⁷⁰³ Questionnaire to customers, question I.4.

⁷⁰⁴ Questionnaire to competitors, question I.3.

⁷⁰⁵ Questionnaire to competitors, questions I.3 and C.A.3.

⁷⁰⁶ Questionnaire to customers, question I.3.

⁷⁰⁶ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁷⁰⁷ Questionnaire to competitors, questions D.D.5-1 and C.A.3.

⁷⁰⁸ In Germany, there are plausible markets for the supply of the following cheeses that are also technically affected: cow mozzarella, mascarpone and gorgonzola. However, even under the narrowest market definition, the increment from Ambrosi for these cheeses is insignificant (less than [volume] per cheese sold annually with less than [0-5]% market share). As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these market.

6.3.8.1.1. Modern retail

- (583) Both Lactalis and Ambrosi supply branded ricotta in the modern retail channel in Germany.⁷⁰⁹ Lactalis supplies branded ricotta in Germany via the *Galbani* and *Castelli* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁷¹⁰
- (584) Ambrosi purchases the ricotta from third-party manufacturers located in Italy whereas Lactalis manufactures the ricotta itself (in Italy).⁷¹¹
- (585) As shown in Table 42, the combined market share of the Parties is equal to [50-60]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has attributed [20-30]% of the remaining market share to Trentin, [10-20]% to Goldsteig and [0-5]% to other unnamed competitors.

Table 42: Market shares for ricotta (branded) in the modern retail channel in Germany (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[50-60]%</i>
Trentin	[...]	[20-30]%
Goldsteig	[...]	[10-20]%
Others	[...]	[0-5]%
Total sales	819	100%

Source: Parties' estimates.

- (586) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share when looking at the modern and traditional retail channel together is moderate and the increment added by Ambrosi is immaterial; (ii) Lactalis' market share has declined between 2019 and 2021; (iii) Ambrosi's brand has no relevance in this segment; (iv) the Parties will continue to face strong competition from existing suppliers of ricotta, including from Trentin, Goldsteig and Bustaffa; (v) the Parties are not close competitors; (vi) retailers can easily switch suppliers; (vii) barriers to entry and expansion are small; (viii) retailers have strong bargaining power; and (ix) there is competitive pressure from suppliers of other similar Italian cheeses.⁷¹²
- (587) The Commission finds the following:
- (588) *First*, while the combined market share of the Parties is relatively high, the increment added by Ambrosi's market share through the concentration would be small at only [0-5]% (with only [volume] of branded ricotta supplied by Ambrosi in 2021). The concentration would result in an HHI delta of less than 150 (about

⁷⁰⁹ Neither Lactalis nor Ambrosi supply private label ricotta in Germany.

⁷¹⁰ Form CO, paragraphs 912-913.

⁷¹¹ Form CO, paragraphs 912.

⁷¹² Form CO, paragraph 916.

[50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷¹³

- (589) *Second*, the Parties will continue to face competition from other existing suppliers of branded ricotta in Germany, including from Cepparo, Granarolo and Zanetti, who confirmed that they supply ricotta in Germany.⁷¹⁴ In addition, the Parties will be constrained by Trentin and Goldsteig, who also supply branded ricotta to modern retailers in Germany.⁷¹⁵
- (590) *Third*, the Parties will face additional (potentially out-of-market) constraints from private label suppliers of ricotta in Germany, a segment in which neither Party is active in, as well as from suppliers of branded and private label ricotta to the traditional retail channel, again a sub-segment in which currently neither Party is active in, but which makes up almost half of the total demand for branded ricotta in 2021 according to the Parties' estimates. Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.
- (591) *Fourth*, five Italian manufacturers of ricotta and one Nordic third-party supplier stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including Germany.⁷¹⁶
- (592) *Fifth*, most competitors and customers in Germany did not voice any concerns regarding the concentration. In particular, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁷¹⁷ Moreover, a majority of customers having expressed an opinion indicated that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheese in Germany,⁷¹⁸ whilst an equal number of responding competitors found that the impact would be neutral or positive rather than negative.⁷¹⁹
- (593) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in Germany.

6.3.8.1.2. OOH channel

- (594) As shown in Table 43, the combined market share of the Parties in the supply of ricotta to the OOH channel in Germany is equal to [20-30]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has not attributed the remaining [80-90]% of market share to any specific other competitors.

⁷¹³ Horizontal Merger Guidelines, paragraph 20.

⁷¹⁴ Questionnaire to competitors, question C.A.3.

⁷¹⁵ M.9413 Lactalis / Nuova Castelli, paragraphs 591-592.

⁷¹⁶ Questionnaire to competitors, question H.M.9.

⁷¹⁷ Questionnaire to customers, question I.3.

⁷¹⁷ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁷¹⁸ Questionnaire to customers, question I.3.

⁷¹⁹ Questionnaire to competitors, question I.3.

Table 43: Market shares for ricotta in the OOH channel in Germany (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[20-30]%
Others	[...]	[80-90]%
Total sales	1,512	100%

Source: Parties' estimates.

- (595) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate and the increment added by Ambrosi is immaterial; (ii) Lactalis' market share has declined between 2019 and 2021; and (iii) the Parties will continue to face strong competition from existing suppliers of ricotta, including from Sterilgarda, Caseificio Elda, Valcolatte, Trentin, Goldsteig and Bustaffa, Savencia FD Deutschland, Zott, and Hochland.⁷²⁰
- (596) The Commission finds the following:
- (597) *First*, the combined market share of the Parties in this channel is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷²¹
- (598) *Second*, the increment added by Ambrosi's market share through the concentration would be very small at only [0-5]% (with only [volume] of ricotta supplied by Ambrosi to the OOH channel in 2021). The concentration would result in an HHI delta of around [0-50]. This is significantly below the indicative threshold of 150 under which concentrations are generally presumed not to be liable of impeding effective competition.⁷²²
- (599) *Third*, the Parties will continue to face competition from other existing suppliers of branded and private label ricotta in Germany, including from Cepparo, Granarolo and Zanetti, who confirmed that they currently supply ricotta in Germany.⁷²³
- (600) *Fourth*, five Italian manufacturers of ricotta and one Nordic third-party supplier stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including Germany.⁷²⁴
- (601) *Fifth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁷²⁵ Moreover, a majority of customers having expressed an opinion indicated that the concentration would have a neutral or positive impact on the level of competition

⁷²⁰ Form CO, paragraph 921.

⁷²¹ Horizontal Merger Guidelines, paragraph 18.

⁷²² Horizontal Merger Guidelines, paragraph 20.

⁷²³ Questionnaire to competitors, question C.A.3.

⁷²⁴ Questionnaire to competitors, question H.M.9.

⁷²⁵ Questionnaire to customers, question I.3.

⁷²⁵ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

in the wholesale distribution of Italian cheese in Germany,⁷²⁶ whilst an equal number of responding competitors found that the impact would be neutral or positive rather than negative.⁷²⁷

- (602) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of ricotta to the OOH channel in Germany.

6.3.9. Greece

- (603) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Greece: Grana Padano, Pecorino Romano and mascarpone.

6.3.9.1. Grana Padano

- (604) Both Lactalis and Ambrosi supply PDO Grana Padano in Greece. Based on the Parties' market share estimates, their combined volume market share in the OOH channel in 2021 is [90-100]% ([90-100]% Ambrosi and [0-5]% Lactalis).

Table 44: Market shares for PDO Grana Padano in the OOH channel in Greece (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[90-100]%
<i>Combined</i>	<i>[...]</i>	<i>[90-100]%</i>
Others	[...]	[0-5]%
Total sales	143	100%

Source: Parties' estimates.

- (605) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market share increment is trivial; (ii) there are no significant barriers to entry and expansion; (iii) the combined entity will continue to face competition from a number of credible competitors including Boni, Produttori Latte Associati Cremona, Granarolo, Consorzio Virgilio, P. Reggiano di Vacche Rossi, AB PL, Adoro, Artima Royal, Zanetti, Parmareggio, Latteria Sociale Mantova, and Auricchio; (iv) the Parties have no control over PDO Italian-type hard cheeses production.⁷²⁸
- (606) The Commission finds the following:
- (607) *First*, while the combined market share of the Parties is high, [90-100]%, the increment added by Lactalis' market share through the concentration would be very small at [0-5]% (with only [volume] of PDO Grana Padano sold to the OOH channel in Greece in 2021). The concentration would result in an HHI delta that is substantially less than 150 (about [50-150]). This is significantly below the

⁷²⁶ Questionnaire to customers, question I.3.

⁷²⁷ Questionnaire to competitors, question I.3.

⁷²⁸ Form CO, paragraph 816.

- indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷²⁹
- (608) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Greek customers have confirmed that Granarolo, Latteria Soresina and Boni are important suppliers of PDO Grana Padano in Greece.⁷³⁰
- (609) *Third*, in addition to the competitors cited by the Parties and by respondents in the market investigation, other significant Italian suppliers of PDO Grana Padano, namely Zanetti and Produttori Latte Associati Cremona have also submitted that they sell PDO Grana Padano in Greece.⁷³¹
- (610) *Fourth*, barriers to entry and expansion seem moderate in Greece for PDO Grana Padano, based on the results of the market investigation. Seven competitors and customers consider entry easy or very easy, while three other competitors and customers consider it difficult or very difficult. Seven other customers and competitors consider difficulty of entry to be medium. In addition, with only 143 tonnes of PDO Grana Padano sold to the OOH channel in Greece in 2021, the size of the market is small. Thus, also suppliers of PDO Grana Padano with lower output volumes could satisfy the need for PDO Grana Padano in Greece.
- (611) *Fifth*, from a logistical point of view, switching suppliers of PDO Grana Padano appears to be relatively easy for Greek customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (612) *Sixth*, three significant competitors of the Parties have indicated that, in case of an increase of the demand for PDO Grana Padano, they have the capacity to increase exports or start exporting PDO Grana Padano to new EEA countries including Greece⁷³², namely Saviola, who is not yet present in Greece, and Cremona and Boni, who already supply PDO Grana Padano in Greece.⁷³³
- (613) *Seventh*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Greece.⁷³⁴
- (614) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Grana Padano in the OOH channel in Greece.

⁷²⁹ Horizontal Merger Guidelines, paragraph 20.

⁷³⁰ Questionnaire to customers, question H.E.C.5.

⁷³¹ Questionnaire to competitors, question C.A.3-6.

⁷³² Questionnaire to competitors, question H.M.9.

⁷³³ Questionnaire to competitors, question H.M.9.

⁷³⁴ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

6.3.9.2. Pecorino Romano

- (615) Both Lactalis and Ambrosi supply PDO Pecorino Romano in Greece. Based on the Parties' market share estimates, their combined volume market share in the OOH channel in 2021 is [60-70]% ([5-10]% Lactalis and [50-60]% Ambrosi).

Table 45: Market shares for PDO Pecorino Romano in the OOH channel in Greece (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[50-60]%
<i>Combined</i>	<i>[...]</i>	<i>[60-70]%</i>
Others	[...]	[30-40]%
Total sales	<1	100%

Source: Parties' estimates.

- (616) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) there are no significant barriers to entry and expansion; (ii) the combined entity will continue to face competition from a number of credible competitors including Boni, Produttori Latte Associati Cremona, Granarolo, Consorzio Virgilio, P. Reggiano di Vacche Rossi, AB PL, Adoro, Artima Royal, Zanetti, Parmareggio, Latteria Sociale Mantova, and Auricchio; (iii) the Parties have no control over PDO Italian-type hard cheeses production.⁷³⁵
- (617) High combined market shares together with a material increment, such as found in the present market, are normally a *prima facie* indicator that the Parties' have significant market power. However, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to PDO Pecorino Romano in Greece. In particular, the Commission has examined the following factors:
- (618) *First*, both Lactalis and Ambrosi had minimal sales of PDO Pecorino Romano in the OOH channel in Greece in 2021 ([volume] and [volume], respectively). This means that even very small sales by a competitor would entirely change the dynamics of this market and therefore the Parties' high combined market shares and the relatively material increment are very unlikely to be genuine expressions of market power in this plausible market.
- (619) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Greek customers and competitors have confirmed that Granarolo, Latteria Soressina, Boni, Lactalis,

⁷³⁵ Form CO, paragraph 816.

Kamilaris and Auricchio are important suppliers of PDO Pecorino Romano in Greece.⁷³⁶

- (620) *Third*, in addition to the competitors cited by the Parties and by respondents in the market investigation, other significant Italian suppliers of PDO Pecorino Romano, namely Zanetti and Granarolo have also submitted that they sell PDO Pecorino Romano in Greece.⁷³⁷
- (621) *Fourth*, a significant PDO Pecorino Romano supplier, namely Saviola, who is not yet present in Greece, has indicated that it would have the spare capacity and willingness to start exporting their PDO Pecorino Romano across the EEA, including Greece, should there be an increase in demand.⁷³⁸
- (622) *Fifth*, barriers to entry and expansion do not seem particularly high for PDO Pecorino Romano in Greece: seven competitors and customers consider entry easy or very easy, while three other competitors and customers consider it difficult or very difficult. Seven other customers and competitors consider difficulty of entry to be medium. In addition, with only 0.81 tonnes of PDO Pecorino Romano sold to the OOH channel in Greece in 2021, the size of the market is small. Thus, also suppliers of PDO Pecorino Romano with lower output volumes could satisfy the need for PDO Pecorino Romano in Greece.
- (623) *Sixth*, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for Greek customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (624) *Seventh*, two significant suppliers of PDO Pecorino Romano, Ferrari Giovanni and Saviola, who are not yet present in Greece, have indicated that they would have the spare capacity and willingness to start exporting their PDO Pecorino Romano across the EEA, including Greece, should there be an increase in demand.⁷³⁹
- (625) *Eighth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Greece.⁷⁴⁰
- (626) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano in the OOH channel in Greece.

⁷³⁶ Questionnaire to customers, questions H.E.B.1 and H.E.B.2 and questionnaire to competitors, questions H.E.B.1 and H.E.B.2.

⁷³⁷ Questionnaire to competitors, question C.A.3-6.

⁷³⁸ Questionnaire to competitors, question H.M.9.

⁷³⁹ Questionnaire to competitors, question H.M.9.

⁷⁴⁰ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

6.3.9.3. Mascarpone

- (627) Both Lactalis and Ambrosi supply small volumes of mascarpone to the OOH channel in Greece.
- (628) As shown in Table 46, the combined market share of the Parties is equal to [60-70]% whereas the increment from Ambrosi is about [30-40]%. The Notifying Party has not attributed any of the remaining [30-40]% in market share to any specific competitors.

Table 46: Market shares for mascarpone in the OOH channel in Greece (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[30-40]%
<i>Combined</i>	[...]	[60-70]%
Others	[...]	[30-40]%
Total sales	45	100%

Source: Parties' estimates.

- (629) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the size of the market is small; (ii) the Parties will continue to face competition from other suppliers of mascarpone, including from Adoro, Latbri/Granarolo, Consorzio Virgilio, Mauri Emilio, Sabelli, and Auricchio; (iii) there are no significant barriers to entry and expansion are small.⁷⁴¹
- (630) While high combined market shares together with a material increment, such as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to mascarpone in Greece. In particular, the Commission has examined the following factors:
- (631) *First*, even though the Notifying Party estimates that the Parties have high combined market shares in the supply of mascarpone to the OOH channel, the market investigation suggests that the Parties will continue to face competition from existing other suppliers of mascarpone in Greece. In addition to Lactalis, customers identified Abele Bertozzi, Adoro, Arla, Auricchio, Granarolo and Kamilaris as the main suppliers of mascarpone in Greece,⁷⁴² whereas competitors identified Auricchio, Granarolo, Mila, Newlat Food and Sterlgarda as the main

⁷⁴¹ Form CO, paragraph 936.

⁷⁴² Questionnaire to customers, questions H.F.B.1 and H.F.B.2.

suppliers.⁷⁴³ Finally, of those competitors that responded to the market investigation, Granarolo and Zanetti confirmed that they already supply mascarpone to customers in Greece.⁷⁴⁴

- (632) *Second*, upstream the Parties only produce a relatively limited amount of the total volume of mascarpone sold in the EEA and elsewhere. In particular, Lactalis' production share for Italian produced mascarpone was equal to only around [10-20]% in 2022, whereas Ambrosi does not produce mascarpone at all and instead only resells mascarpone produced by third-parties.⁷⁴⁵ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in Greece will continue to be able to import mascarpone from a range of manufacturers independent from the Parties. In this regard, four large Italian manufacturers of mascarpone stated that, in case of an increase of demand for mascarpone, they have the capacity to increase exports or start exporting mascarpone to the whole of the EEA, including Greece.⁷⁴⁶
- (633) *Third*, the barriers to entry and expansion in the supply of mascarpone to the OOH channel in Greece appear to be low:
- (a) With only 45 tonnes of mascarpone sold in Greece to the OOH channel in 2021, the size of the market is very small. Thus, also suppliers of mascarpone with lower output volumes could satisfy the need for mascarpone in the OOH channel in Greece.⁷⁴⁷
 - (b) The market investigation supports that there are no significant barriers to entry. A large majority of competitors having expressed an opinion found that the level of difficulty for an Italian manufacturer of cheese not yet present in Greece to start exporting its cheese to Greece, when considering all eventual barriers to entry, is "very easy", "easy" or "medium".⁷⁴⁸ Similarly, a large majority of customers that expressed their opinion held the level of difficulty for customers to begin importing cheese from an Italian manufacturer not yet present in Greece is "easy" or "medium".⁷⁴⁹
 - (c) In addition, while the only customer that expressed an opinion on this matter stated that they found it very unlikely that customers would start importing mascarpone from alternative suppliers currently not offered in Greece to offset a lasting and significant increase in the wholesale price for mascarpone in Greece, the two competitors that expressed an opinion stated that they found it very likely that customers would start importing mascarpone from alternative suppliers in this event.⁷⁵⁰
 - (d) Ambrosi itself does not manufacture its own mascarpone and relies on a third-party distributor in Greece. This shows that it is possible to enter and expand in the supply of mascarpone in Greece without having specific

⁷⁴³ Questionnaire to competitors, questions H.F.B.1 and H.F.B.2.

⁷⁴⁴ Questionnaire to competitors, question C.A.3.

⁷⁴⁵ Parties' response to RFI 9.

⁷⁴⁶ Questionnaire to competitors, question H.M.9.

⁷⁴⁷ However, it should be noted that the small size of the Greek market for mascarpone may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Greece.

⁷⁴⁸ Questionnaire to competitors, question H.C.D.1.

⁷⁴⁹ Questionnaire to customers, question H.C.D.1.

⁷⁵⁰ Questionnaire to customers, question H.F.B.6, and questionnaire to competitors, question H.F.B.7.

distribution capabilities in Greece and without having specific production capabilities for mascarpone.

- (634) *Fourth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Greece.⁷⁵¹
- (635) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of mascarpone to the OOH channel in Greece.

6.3.10. Italy

- (636) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following dairy products in Italy: cow mozzarella, Pecorino Romano, gorgonzola, mascarpone, ricotta, paste filate, butter bulk and butter packet.⁷⁵²

6.3.10.1. Cow mozzarella

- (637) Both Lactalis and Ambrosi supply branded cow mozzarella in the traditional retail channel in Italy. Lactalis supplies branded cow mozzarella in Italy via the *Vallelata*, *Invernizzi*, *Latterie Friulane*, and *Sole* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁷⁵³
- (638) Ambrosi primarily purchases this cow mozzarella from third-party manufacturers in Italy.⁷⁵⁴
- (639) As shown in Table 47, the combined market share of the Parties is equal to [40-50]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has attributed [5-10]% of the remaining market share to Granarolo and [40-50]% to other unnamed competitors.

⁷⁵¹ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁷⁵² In Italy, there are plausible markets for the supply of the following cheeses that are also technically affected: bulk cream, cow mozzarella (branded modern retail), Dutch cheese, ricotta and gorgonzola. However, even under the narrowest market definition, the increment from Ambrosi for these cheeses is insignificant (less than [volume] per cheese sold annually with less than [0-5]% market share). As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these market.

⁷⁵³ Form CO, paragraphs 662-663.

⁷⁵⁴ Form CO, paragraph 662.

Table 47: Market shares for cow mozzarella (branded) in the traditional retail channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Granarolo	[...]	[5-10]%
Others	[...]	[40-50]%
Total sales	3,748	100%

Source: Parties' estimates.

- (640) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is low when considering branded and private label sales together and the increment brought about as a result of the concentration is *de minimis*; (ii) the Parties will continue to face competition from other suppliers of cow mozzarella, including Granarolo, Brimi Zanetti, Sori, Spinosa, Sanguedolce, Francia Latticini and Sabelli, Trestelle, Trevalli, Caseificio Palazzo, Newlat, Garofalo, Goldsteig, and Zott; (iii) there are no significant barriers to entry and expansion; (iv) retailers can easily switch suppliers; (v) at the EEA level, the production capacity for cow mozzarella significantly exceeds current supply; and (vi) retailers have strong bargaining power.⁷⁵⁵
- (641) The Commission finds the following:
- (642) *First*, while the combined market share of the Parties is relatively high, the increment added by Ambrosi's market share through the concentration would be very small at less than [0-5]% (with only [volume] of branded cow mozzarella supplied to the traditional retail channel in Italy by Ambrosi in 2021). The concentration would result in an HHI delta that is substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷⁵⁶
- (643) *Second*, the Parties will continue to face competition from a large range of other suppliers of cow mozzarella located in Italy, including from (but not limited to) Cooperativa Latteria Vipiteno, Granarolo, Soster Formaggio and Zanetti.⁷⁵⁷
- (644) *Third*, six large manufacturers of cow mozzarella, including Granarolo and Zanetti, stated that, in case of an increase of demand for cow mozzarella, they have the capacity to increase supply to the whole of the EEA, including Italy.⁷⁵⁸
- (645) *Fourth*, although a slight majority of customers having expressed an opinion is of the view that the concentration would have a negative impact on the wholesale

⁷⁵⁵ Form CO, paragraphs 664-665.

⁷⁵⁶ Horizontal Merger Guidelines, paragraph 20.

⁷⁵⁷ Questionnaire to competitors, question C.A.3.

⁷⁵⁸ Questionnaire to competitors, question H.M.9.

distribution of Italian cheese in Italy,⁷⁵⁹ a majority of competitors that expressed an opinion believe that the concentration's impact on the wholesale distribution of Italian cheese in Italy would be neutral.⁷⁶⁰ The market investigation is thus inconclusive in this regard. In addition, none of the customers that expected that the concentration would have a negative impact on the wholesale distribution of Italian cheese in Italy specifically mentioned a negative impact on the supply of branded cow mozzarella in Italy.⁷⁶¹

(646) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded cow mozzarella to the traditional retail channel in Italy.

6.3.10.2. Mascarpone

(647) Both Lactalis and Ambrosi supply branded mascarpone in the modern and the traditional retail channel in Italy, resulting in horizontally affected markets.

6.3.10.2.1. Modern retail

(648) Both Lactalis and Ambrosi supply branded mascarpone in the modern retail channel in Italy. Lactalis supplies branded mascarpone in Italy via the *Invernizzi*, *Galbani*, *Locatelli*, and *Castelli* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁷⁶²

(649) Ambrosi exclusively purchases this mascarpone from third-party manufacturers, whereas Lactalis both manufactures part of its mascarpone requirements itself in Italy and Poland as well as purchases other parts from third-party manufactures.⁷⁶³

(650) As shown in Table 48, the combined market share of the Parties is equal to [40-50]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has attributed [10-20]% of the remaining market share to Granarolo, [10-20]% to Newlat Food and [20-30]% to other unnamed competitors.

Table 48: Market shares for mascarpone (branded) in the modern retail channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Granarolo	[...]	[10-20]%
Newlat Food	[...]	[10-20]%
Others	[...]	[20-30]%
Total sales	7,615	100%

Source: Parties' estimates.

⁷⁵⁹ Questionnaire to customers, question I.3.

⁷⁶⁰ Questionnaire to competitors, question I.3.

⁷⁶¹ Questionnaire to customers, question I.4.

⁷⁶² Form CO, paragraphs 682 and 684.

⁷⁶³ Form CO, paragraphs 682-683.

- (651) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is low when considering branded and private label sales together and the increment brought about as a result of the concentration is immaterial; (ii) the Parties will continue to face competition from other suppliers of mascarpone, including Granarolo, Zanetti, Galileo, Sterilgarda, Latte Montagna, Gruppo Parmareggio, Centrale del Latte di Brescia, Biraghi, Mauri, Mila, and Newlat; (iii) retailers can easily switch suppliers; (iv) there are no significant barriers to entry and expansion; and (v) retailers have strong bargaining power.⁷⁶⁴
- (652) The Commission finds that while the combined market share of the Parties is relatively high, the increment added by Ambrosi's market share through the concentration would be very small at less than [0-5]% (with only [volume] of branded mascarpone supplied to the modern retail channel in Italy by Ambrosi in 2021). The concentration would result in an HHI delta that is substantially less than 150 (about [0-50]). This is very much below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷⁶⁵

6.3.10.2.2. Traditional retail

- (653) Both Lactalis and Ambrosi supply branded mascarpone in the traditional retail channel in Italy.
- (654) As shown in Table 49, the combined market share of the Parties is equal to [40-50]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has attributed [10-20]% of the remaining market share to Granarolo, [5-10]% to Newlat Food, [5-10]% to Centrale Del Latte d'Italia, [5-10]% to Mila and [10-20]% to other unnamed competitors.

Table 49: Market shares for mascarpone (branded) in the traditional retail channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Granarolo	[...]	[10-20]%
Newlat Food	[...]	[5-10]%
Centrale Del Latte d'Italia	[...]	[5-10]%
Mila	[...]	[5-10]%
Others	[...]	[10-20]%
Total sales	515	100%

Source: Parties' estimates.

- (655) The Notifying Party has not brought forward any separate arguments in relation to the supply of branded mascarpone to the traditional retail channel compared to

⁷⁶⁴ Form CO, paragraphs 685-686.

⁷⁶⁵ Horizontal Merger Guidelines, paragraph 20.

what it has already provided in relation to the supply of branded mascarpone to the modern retail channel (see Section 6.3.10.2.1).

- (656) The Commission finds that while the combined market share of the Parties is relatively high, the increment added by Ambrosi's market share through the concentration would be very small at about [0-5]% (with only [volume] of branded mascarpone supplied to the traditional retail channel in Italy by Ambrosi in 2021). The concentration would result in an HHI delta that is substantially less than 150 (about [0-50]). This is very much below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷⁶⁶

6.3.10.2.3. All sales channels

- (657) The Commission finds the following, irrespective of the sales channel:
- (658) *First*, the Parties will continue to face competition from several other suppliers of mascarpone located in Italy, including from (but not necessarily limited to) Granarolo and Zanetti.⁷⁶⁷
- (659) *Second*, four large Italian manufacturers of mascarpone stated that, in case of an increase of demand for mascarpone, they have the capacity to increase supply to the whole of the EEA, including Italy.⁷⁶⁸
- (660) *Third*, the fact that Ambrosi exclusively purchases mascarpone from third-party manufacturers and then re-sells it, shows that a) Ambrosi is not a particularly close competitor to Lactalis who manufactures a proportion of the mascarpone that it sells in-house and b) that it is possible to enter the market for the supply of branded mascarpone in Italy without having in-house production capabilities of mascarpone.
- (661) *Fourth*, although a slight majority of customers that expressed an opinion is of the view that the concentration would have a negative impact on the wholesale distribution of Italian cheese in Italy,⁷⁶⁹ a majority of competitors that expressed an opinion believe that the concentration's impact on the wholesale distribution of Italian cheese in Italy would be neutral.⁷⁷⁰ The market investigation is thus inconclusive in this regard. In addition, none of the customers that expected that the concentration would have a negative impact on the wholesale distribution of Italian cheese in Italy specifically mentioned a negative impact on the supply of branded mascarpone in Italy.⁷⁷¹

6.3.10.2.4. Conclusions

- (662) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the supply of branded mascarpone in Italy, in the modern and traditional retail channels.

⁷⁶⁶ Horizontal Merger Guidelines, paragraph 20.

⁷⁶⁷ Questionnaire to competitors, question C.A.3.

⁷⁶⁸ Questionnaire to competitors, question H.M.9.

⁷⁶⁹ Questionnaire to customers, question I.3.

⁷⁷⁰ Questionnaire to competitors, question I.3.

⁷⁷¹ Questionnaire to customers, question I.4.

6.3.10.3.Paste filate

- (663) Based on the Parties' market share estimates, their combined market shares in volume in 2021 are: (i) [20-30]% for branded paste filate to the modern retail channel ([20-30]% Lactalis and Ambrosi [0-5]%), and (ii) for branded paste filate to the traditional retail channel ([50-60]% Lactalis and [0-5]% Ambrosi).
- (664) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the combined market share is moderate and the increment small; (ii) Ambrosi's brand is of no relevance; (iii) retailers have a strong bargaining power; (iv) customers have the ability to switch suppliers; (v) the Parties will continue to face competition from suppliers of branded paste filate, such as Granarolo, Auricchio, Brazzale/Zogi, Zappalà, Diano Casearia, Fattorie Cremona, Sassano and Soresina; and (vi) there are no significant barriers to entry; and (vii) there are no significant barriers to entry and expansion in terms of costs.⁷⁷²

6.3.10.3.1. Modern retail

- (665) The Parties' combined market share in the supply of branded paste filate to the modern retail channel in Italy is [20-30]%, with an increment of [0-5]%. The Notifying Party has attributed [5-10]% of the remaining market shares to Auricchio and [5-10]% to Sanguedolce Tommasi Flli. It has not attributed the remaining [50-60]% of the market shares to any specific other competitors.

Table 50: Market shares for paste filate (branded) in the modern retail channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Auricchio	[...]	[5-10]%
Sanguedolce Tommaso Flli	[...]	[5-10]%
Others	[...]	[50-60]%
Total sales	45,463	100%

Source: Parties' estimates.

- (666) The combined market share of the Parties is not very high at [20-30]%, and the increment added to Lactalis' market share through the concentration is only [0-5]% resulting in an HHI delta of less than 150 (approx. [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷⁷³

6.3.10.3.2. Traditional retail

- (667) The Parties' combined market share in the supply of branded paste filate to the traditional retail channel in Italy is [50-60]%, with an increment of [0-5]%. The

⁷⁷² Form CO, paragraph 669 and Annex 7.6 to the Form CO, paragraph 7.

⁷⁷³ Horizontal Merger Guidelines, paragraph 20.

Notifying Party has attributed [5-10]% of the remaining market shares to Latteria Vesuviana. It has not attributed the remaining [40-50]% of the market shares to any specific other competitors.

Table 51: Market shares for paste filate (branded) in the traditional retail channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[50-60]%</i>
Latteria Vesuviana	[...]	[5-10]%
Others	[...]	[40-50]%
Total sales	1,148	100%

Source: Parties' estimates.

(668) Although the combined market share of the Parties is high, the increment added to Lactalis' market share through the concentration is only [0-5]%, which results in an HHI delta of less than 150 (approx. [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷⁷⁴

6.3.10.3.3. All sales channels

(669) The Commission finds the following applicable both the modern and traditional retail channels:

(670) *First*, the Parties will post-concentration continue to face competition from other suppliers of branded paste filate in Italy such as Granarolo, Zanetti, Soster Formaggi, Produttori latte associate and Ferrari Giovanni.⁷⁷⁵

(671) *Second*, several competitors of the Parties have indicated that, in case of an increase of the demand for paste filate, they have the capacity to increase exports or start exporting paste filate to the whole EEA.⁷⁷⁶ This includes a competitor who is already supplying paste filate in Italy.⁷⁷⁷

(672) *Third*, whilst a majority of customers having expressed an opinion indicated that the concentration would have a negative impact on the level of competition in the supply of Italian cheese in Italy, this view was not shared by all customers, as a significant minority indicated that the impact would be neutral or positive.⁷⁷⁸ Furthermore, when asked to explain their views, none of the customers that expected the concentration to have a negative impact specifically mentioned a negative impact on the supply of paste filate in Italy.⁷⁷⁹ Moreover, whilst some of the responding competitors held that the concentration's impact on the wholesale distribution of Italian cheese in Italy would be negative, the same number of

⁷⁷⁴ Horizontal Merger Guidelines, paragraph 20.

⁷⁷⁵ Questionnaire to competitors, question C.A.3.

⁷⁷⁶ Questionnaire to competitors, question H.M.9.

⁷⁷⁷ Questionnaire to competitors, question C.A.3.

⁷⁷⁸ Questionnaire to customers, question I.3.

⁷⁷⁹ Questionnaire to customers, question I.4.

competitors held that it would be neutral.⁷⁸⁰ However, of the responding competitors currently supplying paste filate in Italy, a majority held that the impact would be neutral.⁷⁸¹ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁷⁸²

6.3.10.3.4. Conclusions

(673) In conclusion, in light of the above and based on the information available to the Commission and provided by Parties, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded paste filate in Italy, in the modern and traditional retail channels.

6.3.10.4. Butter packet

(674) Both Lactalis and Ambrosi supply branded butter packets to the modern retail channel in Italy.

(675) As shown in Table 52, the combined market share of the Parties is equal to [30-40]% whereas the increment from Ambrosi is equal to [5-10]%. The Notifying Party has not attributed the remaining [60-70]% of market share to any specific competitors.

Table 52: Market shares for butter packet (branded) in the modern retail channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	6,537	100%

Source: Parties' estimates.

(676) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate, particularly when considering both branded and private label sales; (ii) the Parties will continue to face competition from other suppliers, including Granarolo, Parmareggio, Soresina, De Paoli Luigi e Figli, Prealpi, Virgilio, Brazale, Campo dei Fiori, Cooperativa Latteria Vipiteno, Arla Foods, and Latteria Sociale Mantova; (iii) there are no significant barriers to entry and expansion; and (iv) retailers have bargaining power.⁷⁸³

(677) The Commission finds the following:

⁷⁸⁰ Questionnaire to competitors, question I.3.

⁷⁸¹ Questionnaire to competitors, questions I.3 and C.A.3.

⁷⁸² Questionnaire to customers, question I.3.

⁷⁸² Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁷⁸³ Form CO, paragraphs 697-698.

- (678) *First*, the combined market share of the Parties in this channel is not very high at [30-40]%, and the increment from Ambrosi is relatively small at [5-10]%.
- (679) *Second*, the Parties will continue to face competition from a large range of other suppliers of branded butter packets to supermarkets and other modern retailers in Italy. In particular, both customers and competitors listed a long list of companies as the current main suppliers of branded butter packets in Italy, including Latteria Soresina, GranTerre, Arla, Beppino Occelli, Prealpi, Parmareggio, Campo dei fiori, Montanari & Gruzza, DallaTorre, Lurpack, Optimus, Virgilio and others.⁷⁸⁴
- (680) *Third*, none of the customers and competitors that expressed an opinion listed Ambrosi as one of the main suppliers of butter in Italy. In addition, none of the customers that expressed an opinion listed Ambrosi as one of the top three alternatives that they would switch to in case Lactalis' butter would no longer be available, whereas none of the competitors that expressed an opinion listed Ambrosi as a close competitor to Lactalis.⁷⁸⁵
- (681) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded butter packets to the modern retail channel in Italy.

6.3.10.5. Butter bulk

- (682) Both Lactalis and Ambrosi supply bulk butter to the OOH channel in Italy.
- (683) As shown in Table 53, the combined market share of the Parties is equal to [20-30]% whereas the increment from Ambrosi is equal to [5-10]%. The Notifying Party has not attributed the remaining [70-80]% of market share to any specific competitors.

Table 53: Market shares for butter bulk in the OOH channel in Italy (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	[...]	[20-30]%
Others	[...]	[70-80]%
Total sales	4,173	100%

Source: Parties' estimates.

- (684) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate and below 25%; (ii) the Parties' market shares are declining between 2019 and 2021; (iii) there are no significant barriers to entry and expansion; and (iv) retailers can easily switch suppliers.⁷⁸⁶

⁷⁸⁴ Questionnaire to customers, questions H.G.A.1 and H.G.A.2, and questionnaire to competitors, questions H.G.A.1 and H.G.A.2.

⁷⁸⁵ Questionnaire to customers, question H.G.A.3, and questionnaire to competitors, question H.G.A.3.

⁷⁸⁶ Form CO, paragraph 706.

- (685) The Commission finds the following:
- (686) *First*, the combined market share of the Parties in this channel is only [20-30]% and thus below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁷⁸⁷
- (687) *Second*, the Parties will continue to face competition from a large range of other suppliers of butter in Italy. In particular, both customers and competitors listed a long list of companies as the current main suppliers of butter in Italy, for example, Latteria Soresina, GranTerre, Arla, Beppino Occelli, Prealpi, Parmareggio, Campo dei fiori, Montanari & Gruzza, DallaTorre, Lurpack, Optimus, Virgilio and others.⁷⁸⁸
- (688) *Third*, none of the customers and competitors that expressed an opinion listed Ambrosi as one of the main suppliers of butter in Italy. In addition, none of the customers that expressed an opinion listed Ambrosi as one of the top three alternatives that they would switch to in case Lactalis' butter would no longer be available, whereas none of the competitors that expressed an opinion listed Ambrosi as a close competitor to Lactalis.⁷⁸⁹
- (689) *Fourth*, between 2019 and 2021, both Lactalis and Ambrosi have seen significant declines in both their absolute volume of bulk butter sold as well as in the corresponding market shares in the OOH channel in Italy. In particular, according to the Notifying Party, Lactalis' sales of bulk butter in Italy have decreased from about [volume] in 2019 to about [volume] in 2021 (with a corresponding drop in market share from [20-30]% to [10-20]%), whereas Ambrosi's sales of bulk butter in Italy have decreased from about [volume] in 2019 to about [volume] in 2021 (with a corresponding drop in market share from [20-30]% to [5-10]%).⁷⁹⁰
- (690) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of bulk butter to the OOH channel in Italy.

6.3.11. Latvia

- (691) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Latvia: cow mozzarella and mascarpone.

6.3.11.1. Cow mozzarella

- (692) Both Lactalis and Ambrosi supply branded cow mozzarella in the modern retail channel in Latvia. Lactalis supplies branded cow mozzarella in Latvia via the *Galbani* and *President* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁷⁹¹

⁷⁸⁷ Horizontal Merger Guidelines, paragraph 18.

⁷⁸⁸ Questionnaire to customers, questions H.G.A.1 and H.G.A.2, and questionnaire to competitors, questions H.G.A.1 and H.G.A.2.

⁷⁸⁹ Questionnaire to customers, question H.G.A.3, and questionnaire to competitors, question H.G.A.3.

⁷⁹⁰ Form CO, Annex 7.2.

⁷⁹¹ Form CO, paragraphs 1029.

(693) As shown in Table 54, the combined market share of the Parties is equal to [50-60]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has been unable to attribute the remaining [40-50]% of market share to any specific competitors.

Table 54: Market shares for cow mozzarella (branded) in the modern retail channel in Latvia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[50-60]%</i>
Others	[...]	[40-50]%
Total sales	139	100%

Source: Parties' estimates.

(694) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment brought about as a result of the concentration is small; (ii) the Parties will continue to face competition from suppliers of branded cow mozzarella, including Granarolo Baltics OÜ, Euroser Dairy Group, and Milchwerk Jäger GmbH; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the market for branded cow mozzarella in Latvia is small and therefore even limited sales could significantly change current market shares; (v) there are no significant barriers to entry and expansion; (vi) at the EEA level, the production capacity for cow mozzarella significantly exceeds current supply; (vii) the Parties are not close competitors; (viii) retailers have bargaining power; (ix) Ambrosi's brand is of no relevance in this market.⁷⁹²

(695) The Commission finds the following:

(696) *First*, while the combined market share of the Parties is high, the increment added to Lactalis' market share through the concentration is small at only [0-5]% (and less than [volume] of branded cow mozzarella sold by Ambrosi in 2021). One retail customer active in the Baltic region noted that neither Lactalis nor Ambrosi are very strong cheese suppliers in Latvia.⁷⁹³

(697) *Second*, there are a number of alternative suppliers of cow mozzarella currently available to customers in Latvia, including Euroser Dairy Group, Granarolo and Zanetti.⁷⁹⁴ This was confirmed by a retail customer active in the Baltic region that stated that there are a range of alternative offers available.⁷⁹⁵

(698) *Third*, the barriers to entry and expansion in the market for the supply of branded cow mozzarella in Latvia appear to be low.

(a) With only 139 tonnes of branded cow mozzarella sold in Latvia to modern retailers in 2021, the size of the market is small. Thus, also suppliers of cow

⁷⁹² Form CO, paragraph 1031.

⁷⁹³ Questionnaire to customers, question H.M.1.

⁷⁹⁴ Questionnaire to competitors, question C.A.3 and D.C.2.

⁷⁹⁵ Questionnaire to customers, question H.M.1.

mozzarella with lower output volumes could satisfy the need for cow mozzarella in Latvia.⁷⁹⁶

- (b) Six large manufacturers of cow mozzarella, including branded suppliers Granarolo and Zanetti, stated that, in case of an increase of demand for cow mozzarella, they have the capacity to increase exports or start exporting cow mozzarella to the whole of the EEA, including Latvia.⁷⁹⁷
- (699) *Fourth*, the Parties will continue to face (potentially out-of-market) constraints from private label suppliers of cow mozzarella in Latvia which makes up the majority of the market for cow mozzarella to the modern retail channel in Latvia in 2021 (231 tonnes of private label cow mozzarella sold compared to only 139 tonnes of branded cow mozzarella sold). The Parties do not supply private label cow mozzarella to modern retailers in Estonia and therefore the whole supply of private label cow mozzarella will come from competitors. Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.
- (700) *Fifth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁷⁹⁸ Moreover, while the only two customers that expressed an opinion stated that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheeses in Latvia, the majority of competitors and suppliers that expressed an opinion stated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheeses of in Latvia.⁷⁹⁹ In addition, none of the customers and competitors that expressed a negative opinion on the concentration specifically mentioned the effects on the supply of branded cow mozzarella in Latvia.⁸⁰⁰
- (701) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded cow mozzarella to the modern retail channel in Latvia.

6.3.11.2. Mascarpone

- (702) Both Lactalis and Ambrosi supply branded mascarpone in the modern retail channel in Latvia. Lactalis supplies branded mascarpone in Latvia via the *Galbani* brand, whereas Ambrosi supplies it under the *Ambrosi* brand.⁸⁰¹
- (703) As shown in Table 55, the combined market share of the Parties is equal to [40-50]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has been unable to attribute the remaining [50-60]% of market share to any specific competitors.

⁷⁹⁶ However, it should be noted that the small size of the Latvian market for cow mozzarella may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Latvia.

⁷⁹⁷ Questionnaire to competitors, question H.M.9.

⁷⁹⁸ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁷⁹⁹ Questionnaire to competitors, question I.3.

⁸⁰⁰ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁸⁰¹ Form CO, paragraphs 1032.

Table 55: Market shares for mascarpone (branded) in the modern retail channel in Latvia (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Others	[...]	[50-60]%
Total sales	115	100%

Source: Parties' estimates.

- (704) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate and the increment brought about as a result of the concentration is immaterial; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the market for branded mascarpone in Latvia is small and therefore even limited sales could significantly change current market shares; (iv) Ambrosi's brand is of no relevance in this market; (v) there are no significant barriers to entry and expansion; (vi) customers can easily switch suppliers; and (vii) retailers have bargaining power.⁸⁰²
- (705) The Commission finds the following:
- (706) *First*, while the combined market share of the Parties is relatively high at [40-50]%, the increment added to Lactalis' market share through the concentration is immaterial at only [0-5]% (and only about [volume] of mascarpone sold by Ambrosi in 2021). The concentration would result in an HHI delta of substantially less than 150 (about [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁰³
- (707) *Second*, there are a number of alternative suppliers of mascarpone currently available to customers in Latvia, including Euroser Dairy Group, Granarolo and Zanetti.⁸⁰⁴ This was confirmed by a retail customer active in the Baltic region that stated that there are a range of alternative offers available.⁸⁰⁵
- (708) *Third*, there is potential for new suppliers of mascarpone to come into the market in Latvia.
- (a) With only 115 tonnes of branded mascarpone sold in Latvia to modern retailers in 2021, the size of the market is small. Thus, also suppliers of mascarpone with lower output volumes could satisfy the need for cow mascarpone in Latvia.⁸⁰⁶

⁸⁰² Form CO, paragraph 1035.

⁸⁰³ Horizontal Merger Guidelines, paragraph 20.

⁸⁰⁴ Questionnaire to competitors, question C.A.3.

⁸⁰⁵ Questionnaire to customers, question H.M.1.

⁸⁰⁶ However, it should be noted that the small size of the Latvian market for mascarpone may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Latvia.

- (b) Four Italian manufacturers of mascarpone stated that, in case of an increase of demand for mascarpone, they have the capacity to increase exports or start exporting mascarpone to the whole of the EEA, including Latvia.⁸⁰⁷
 - (c) Ambrosi itself does not manufacture its own mascarpone and relies on a third-party distributor in Latvia. This shows that it is possible to enter and expand in the supply of mascarpone in Latvia without having specific distribution capabilities in Latvia and without having specific production capabilities for mascarpone.
- (709) *Fourth*, the Parties will continue to face (potentially out-of-market) constraints from private label suppliers of mascarpone in Latvia which makes up the majority of the market for mascarpone to the modern retail channel in Latvia in 2021 (145 tonnes of private label mascarpone sold compared to only 115 tonnes of branded mascarpone sold). The Parties do not supply private label mascarpone to modern retailers in Latvia and therefore the whole supply of private label mascarpone is provided by competitors of the Parties. Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.
- (710) *Fifth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁸⁰⁸ Moreover, while the only two customers that expressed an opinion stated that the concentration would have a negative impact on the level of competition in the wholesale distribution of Italian cheeses in Latvia, the majority of competitors and suppliers that expressed an opinion stated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheeses of in Latvia.⁸⁰⁹ In addition, none of the customers and competitors that expressed a negative opinion on the concentration specifically mentioned the effects on the supply of branded mascarpone in Latvia,⁸¹⁰ whereas one retail customer active in the Baltic region noted that neither Lactalis nor Ambrosi are very strong cheese suppliers in Latvia.⁸¹¹
- (711) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded mascarpone to the modern retail channel in Latvia.

6.3.12. Norway

- (712) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to following cheese types in Norway: Parmigiano Reggiano and Grana Padano.

6.3.12.1. Parmigiano Reggiano

- (713) Both Lactalis and Ambrosi supply PDO Parmigiano Reggiano in Norway. Based on the Parties' market share estimates, their combined volume market share in the

⁸⁰⁷ Questionnaire to competitors, question H.M.9.

⁸⁰⁸ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁸⁰⁹ Questionnaire to competitors, question I.3.

⁸¹⁰ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁸¹¹ Questionnaire to customers, question H.M.1.

modern retail channel in 2021 is [30-40]% ([20-30]% Ambrosi and [5-10]% Lactalis).

Table 56: Market shares for PDO Parmigiano Reggiano (branded + private label) in the modern retail channel in Norway (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[5-10]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	[...]	[30-40]%
Others	[...]	[60-70]%
Total sales	465	100%

Source: Parties' estimates.

- (714) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the combined share will be moderate; (ii) the Parties' brands are of no relevance in this market; (iii) there are no significant barriers to entry and expansion; (iv) the combined entity will continue to face competition from a number of credible competitors including SAS Alliance Eurofood, Parmareggio, Tine, Auricchio, Cascine Emiliane, Latteria Sociale Mantona, Carl Evans, Savencia, Zanetti, Trentin, and Granarolo; (v) the Parties have no control over PDO Italian-type hard cheeses production; (vi) retailers can easily switch to different suppliers; (vii) retailers have strong bargaining power and (viii) there is competitive pressure from suppliers of similar cheeses.⁸¹²
- (715) The Commission finds the following:
- (716) *First*, the Parties' estimates may overestimate their market position, in light of the results of the market investigation. Customers' estimates of the Parties' combined market share for the supply of PDO Parmigiano Reggiano in Norway do not exceed 25%.⁸¹³
- (717) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Norwegian customers and competitors state that Parmareggio, Oluf Lorentzen Import & Engros and Rema 1000 Norge are important suppliers of PDO Parmigiano Reggiano in Norway.⁸¹⁴ Customers also mention Gennaro Auricchio as an alternative supplier of PDO Parmigiano Reggiano in Norway.⁸¹⁵
- (718) *Third*, a number of strong competitors of the Parties are active in the supply of PDO Parmigiano Reggiano in neighbouring markets (Sweden, Denmark and Finland) and could easily and promptly enter the Norwegian market. A majority of competitors submit that there are no or not particularly significant differences between consumer preferences and conditions of competition for the supply of

⁸¹² Form CO, paragraph 816.

⁸¹³ Questionnaire to customers, questions H.I.B.3 and H.I.B.4.

⁸¹⁴ Questionnaire to customers, questions H.E.B.1 and H.E.B.2 and questionnaire to competitors, questions H.E.B.1 and H.E.B.2.

⁸¹⁵ Questionnaire to customers, questions H.I.A.5 and H.I.A.6.

Italian cheeses across Denmark, Sweden, Norway and Finland.⁸¹⁶ PDO Parmigiano Reggiano competitors active in neighbouring countries include: (i) in Denmark, Granarolo and Zanetti; (ii) in Finland, Ferrari Giovani, Produttori latte associati Cremona, Granarolo and Zanetti; (ii) in Sweden, Granarolo, Zanetti and Tine.⁸¹⁷

- (719) *Fourth*, PDO Parmigiano Reggiano suppliers will have spare and increasing capacity to export their production, especially to small target markets such as Norway. Eight competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Parmigiano Reggiano across the EEA, including Norway, should there be an increase in demand.⁸¹⁸ This includes significant PDO Parmigiano Reggiano suppliers not yet present in Norway, such as Galli, Ferrari Giovanni, Saviola and Boni. They would all be able to export PDO Parmigiano Reggiano to the whole EEA.⁸¹⁹ Produttori latte associate Cremona specifically cited Norway as a country where it could start exporting PDO Parmigiano Reggiano.⁸²⁰
- (720) *Fifth*, from a logistical point of view, switching suppliers of PDO Parmigiano Reggiano appears to be relatively easy for Norwegian customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (721) *Sixth*, the Parties are not viewed as each other's closest competitors. Competitors consider Rema 1000 Norge and Parmareggio as both Lactalis and Ambrosi's closest competitors for PDO Parmigiano Reggiano in Norway.⁸²¹ Customers cite Gennaro Aurricchio and Ambrosi as the top alternatives to Lactalis and Gennaro Aurricchio and Lactalis as the top alternatives to Ambrosi.⁸²²
- (722) *Seventh*, the views of customers and competitors concerning the impact of the concentration on the level of competition in the supply of Italian cheese in Norway are not uniform. While half of them consider it neutral, the other half see it as negative.⁸²³ None of them, however, expressed concerns in relation to the supply of PDO Grana Padano in Norway.⁸²⁴ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁸²⁵
- (723) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Parmigiano Reggiano in the modern retail channel in Norway.

⁸¹⁶ Questionnaire to competitors, question F.5.

⁸¹⁷ Questionnaire to competitors, question C.A.3-6.

⁸¹⁸ Questionnaire to competitors, question H.M.9.

⁸¹⁹ Questionnaire to competitors, question H.M.9.

⁸²⁰ Questionnaire to competitors, question H.M.9-2.

⁸²¹ Questionnaire to competitors, questions H.I.A.3 and H.I.A.4.

⁸²² Questionnaire to customers, question H.I.A.5-1.

⁸²³ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁸²⁴ Questionnaire to customers, question I.4.

⁸²⁵ Questionnaire to customers, question I.3.

⁸²⁵ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

6.3.12.2. Grana Padano

(724) Both Lactalis and Ambrosi supply PDO Grana Padano in Norway. Based on the Parties' market share estimates, their combined volume market share in the modern retail channel in 2021 is [70-80]% ([50-60]% Lactalis and [10-20]% Ambrosi).

Table 57: Market shares for PDO Grana Padano (branded + private label) in the modern retail channel in Norway (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[50-60]%
Ambrosi	[...]	[10-20]%
<i>Combined</i>	<i>[...]</i>	<i>[70-80]%</i>
Others	[...]	[20-30]%
Total sales	497	100%

Source: Parties' estimates.

(725) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for a number of reasons, including: (i) the Parties' brands are of no relevance in this market; (ii) there are no significant barriers to entry and expansion; (iii) the combined entity will continue to face competition from a number of credible competitors including SAS Alliance Eurofood, Parmareggio, Tine, Auricchio, Cascine Emiliane, Latteria Sociale Mantona, Carl Evans, Savencia, Zanetti, Trentin, and Granarolo; (iv) the Parties have no control over PDO Italian-type hard cheeses production; (v) retailers can easily switch to different suppliers; (vi) retailers have strong bargaining power and (vii) there is competitive pressure from suppliers of similar cheeses.⁸²⁶

(726) High combined market shares such as those found in the present market, together with a material increment, are normally a *prima facie* indicator that the Parties' have significant market power. However, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to PDO Grana Padano in Norway. In particular, the Commission has examined the following factors:

(727) *First*, the Parties' estimates may overestimate their market position, in light of the results of the market investigation. Customers' estimates of either Party's market share for the supply of PDO Grana Padano to retailers in Norway do not exceed 20%.⁸²⁷

(728) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Norwegian customers and

⁸²⁶ Form CO, paragraph 816.

⁸²⁷ Questionnaire to customers, questions H.I.B.3 and H.I.B.4.

competitors state that Michelangelo, Gennaro Auricchio, Carl Evensen AS, Colla and Norgesgruppen ASA are important suppliers of PDO Grana Padano in Norway.⁸²⁸

- (729) *Third*, a number of strong competitors of the Parties are active in the supply of PDO Grana Padano in neighbouring markets (Sweden, Finland and Denmark) and could easily and promptly enter the Norwegian market. A majority of competitors submit that there are no or not particularly significant differences between consumer preferences and conditions of competition for the supply of Italian cheeses across Denmark, Sweden, Norway and Finland.⁸²⁹ PDO Grana Padano competitors active in neighbouring countries include: (i) in Denmark, Zanetti, Granarolo, Tine SA and Produttori latte associati Cremona; (ii) in Sweden, Granarolo, Zanetti, Tine and Produttori latte associate Cremona; and (iii) in Norway, Zanetti.⁸³⁰
- (730) *Fourth*, six competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Grana Padano across the EEA, including Norway, should there be an increase in demand.⁸³¹ This includes significant PDO Grana Padano suppliers not yet present in Norway, such as Ferrari Giovanni, Saviola and Boni. They would all be able to export PDO Grana Padano to the whole EEA, including Norway.⁸³² Produttori latte associate Cremona specifically cited Norway as a country where it could start exporting PDO Grana Padano.⁸³³
- (731) *Fifth*, from a logistical point of view, switching suppliers of PDO Grana Padano appears to be relatively easy for Norwegian customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (732) *Sixth*, the Parties are not viewed as each other's closest competitors. Competitors consider Colla and Norgesgruppen ASA as Lactalis' and Ambrosi's closest competitors for PDO Grana Padano in Norway.⁸³⁴ Customers cite Gennaro Auricchio and Lactalis as the top alternatives to Ambrosi and Gennaro Auricchio as the top alternative to Ambrosi.⁸³⁵
- (733) *Seventh*, the views of market participants concerning the impact of the concentration on the level of competition in the supply of Italian cheese in Norway are not uniform. While half of them consider it neutral, the other half see it as negative.⁸³⁶ None of them, however, expressed concerns in relation to the supply of

⁸²⁸ Questionnaire to customers, questions H.I.B.1 and H.I.B.2 and questionnaire to competitors, questions H.I.B.1 and H.I.B.2.

⁸²⁹ Questionnaire to competitors, question F.5.

⁸³⁰ Questionnaire to competitors, question C.A.3-6.

⁸³¹ Questionnaire to competitors, question H.M.9.

⁸³² Questionnaire to competitors, question H.M.9.

⁸³³ Questionnaire to competitors, question H.M.9-2.

⁸³⁴ Questionnaire to competitors, questions H.I.B.3 and H.I.B.4.

⁸³⁵ Questionnaire to customers, question H.I.A.5-1.

⁸³⁶ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

PDO Parmigiano Reggiano in Norway.⁸³⁷ In addition, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁸³⁸ Just one competitor of the Parties expressed that the combination of the Parties could generally result in higher prices of PDO Grana Padano due to the Parties' increased power to influence the price of milk used in the production of Grana Padano.⁸³⁹ However, as explained in Section 4, the Parties' combined sales of PDO Grana Padano (including sales of third-party produced cheese that is resold by the Parties) represent less [5-10]% respectively of the overall production of these two cheeses and, therefore, it appears unlikely that the merged entity would have the ability to influence the price of milk used in the production of PDO Grana Padano and, as a consequence, the price of PDO Grana Padano sold to consumers.

(734) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Grana Padano in the modern retail channel in Norway.

6.3.13. Poland

(735) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Poland: Parmigiano Reggiano, Grana Padano, Pecorino Romano and taleggio.⁸⁴⁰

6.3.13.1. Grana Padano

(736) Both Lactalis and Ambrosi supply PDO Grana Padano in Poland. Based on the Parties' market share estimates, their combined volume market share in the modern retail channel in 2021 is [30-40]% ([20-30]% Lactalis and [0-5]% Ambrosi).

Table 58: Market shares for PDO Grana Padano (branded + private label) in the modern retail channel in Poland (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[70-80]%
Total sales	721	100%

Source: Parties' estimates.

⁸³⁷ Questionnaire to customers, question I.4.

⁸³⁸ Questionnaire to customers, question I.3.

⁸³⁸ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁸³⁹ Questionnaire to competitors, question I.5.

⁸⁴⁰ In Poland, there are plausible markets for the supply of the following cheeses that are also technically affected: cow mozzarella, mascarpone and "other Italian-type hard cheese". However, due to Ambrosi's limited sales, giving rise to negligible increments of below [0-5]%, the concentration does not bring a material change to the markets and, on this basis the Commission finds that the concentration does not raise serious doubts concerning these markets and will therefore not be further analysed in this Decision.

- (737) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is modest; the combined market share is moderate (ii) the size of the market is small; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible and well-established competitors including Zanetti, Trentin, Colla, Consorzio Virgilio, Biraghi, Caseria Bresciana, Jansen, and Marcin Goźliński Gomar; (v) the Parties cannot control the production of PDO Italian-type hard cheeses; (vi) retailers can easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.⁸⁴¹
- (738) The Commission finds the following:
- (739) *First*, the combined market share of the Parties for PDO Grana Padano in the modern retail channel in Poland is not very high at [30-40]%.⁸⁴²
- (740) *Second*, Ambrosi sold limited volumes of PDO Grana Padano to the modern retail channel in Poland in 2021 ([volume]) and the concentration will bring a small increment of [0-5]% to Lactalis' not very high share of [20-30]%. The concentration would result in an HHI delta that is substantially less than 150 (about [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁴²
- (741) *Third*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Polish customers and competitors state that Temar, Euroser, Jansen, Zanetti, Trentin, Colla, Lactalis, Granarolo, Zarpellon are important suppliers of PDO Grana Padano in Poland.⁸⁴³
- (742) *Fourth*, barriers to entry and expansion do not seem to be high in Poland. While five competitors considered entry to be difficult or very difficult, eight competitors considered it to be easy, very easy or medium.⁸⁴⁴ Similarly, six customers that expressed an opinion deemed the level of difficulty for customers to begin importing cheese from an Italian manufacturer not yet present in Poland to be easy, very easy or medium, while only one considered importing to be difficult.⁸⁴⁵ Respondents cite three entries or introductions of new types of Italian cheese to the Polish market in the last three years, namely by Stracchino, Euroser and Granarolo, the latter being a strong PDO Grana Padano supplier who supplies retailers directly.⁸⁴⁶
- (743) *Fifth*, from a logistical point of view, switching suppliers of PDO Grana Padano appears to be relatively easy for Polish customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.

⁸⁴¹ Form CO, paragraph 1010, and the Notifying Party's response to RFI 7, paragraph 6.1.

⁸⁴² Horizontal Merger Guidelines, paragraph 20.

⁸⁴³ Questionnaire to customers, questions H.J.B.2 and questionnaire to competitors, questions H.J.B.2.

⁸⁴⁴ Questionnaire to competitors, question H.J.C.1.

⁸⁴⁵ Questionnaire to customers, question H.J.C.1.

⁸⁴⁶ Questionnaire to customers, question H.J.C.3; Questionnaire to competitors, question H.J.C.3.

- (744) *Sixth*, six competitors of the Parties have indicated that, in case of an increase of the demand for PDO Grana Padano, they have the capacity to increase exports or start exporting PDO Grana Padano to new EEA countries.⁸⁴⁷ This includes significant PDO Grana Padano suppliers not yet present in Poland, such as Boni, Saviola or Ferrari Giovani. They would all be able to export PDO Grana Padano to the whole EEA. Zanetti would also have spare capacity to increase its exports of PDO Grana Padano to the EEA, including Poland, in case of a demand increase.⁸⁴⁸
- (745) *Seventh*, the PDO Grana Padano Consortium also plays an important role in growing the markets for PDO Grana Padano and thus attracting new entrants, by promoting this product outside of Italy, including in the EEA. This also applies to Poland: customers and competitors cite Granarolo as having entered the Polish market in the last three years. Granarolo's product offer in Poland now also includes Grana Padano.⁸⁴⁹ The aim is to increase the knowledge about the product and its consumption abroad. The Consortium's overall marketing budget, for Italy and abroad, is EUR 43 million for 2023 and includes extensive promotional campaigns through various media and across several countries. The target countries for 2023 include several EEA countries such as Germany, France, Spain and Belgium.
- (746) *Eighth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Poland.⁸⁵⁰ None of them expressed concerns in relation to the supply of PDO Grana Padano in Poland.⁸⁵¹
- (747) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Grana Padano in the modern retail channel in Poland.

6.3.13.2. Parmigiano Reggiano

- (748) Both Lactalis and Ambrosi supply PDO Parmigiano Reggiano in Poland. Based on the Parties' market share estimates, their combined volume market share in the modern retail channel in 2021 is [30-40]% ([20-30]% Lactalis and [5-10]% Ambrosi).

⁸⁴⁷ Questionnaire to competitors, question H.M.9.

⁸⁴⁸ Questionnaire to competitors, question H.M.9.

⁸⁴⁹ Questionnaire to customers, question H.J.C.3; Questionnaire to competitors, question H.J.C.3.; <https://zakupy.auchan.pl/shop/granarolo-ser-grana-padano.p-355971>.

⁸⁵⁰ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁸⁵¹ Questionnaire to customers, question I.4.

Table 59: Market shares for Parmigiano Reggiano (branded + private label) in the modern retail channel in Poland (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	313	100%

Source: Parties' estimates.

- (749) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is modest; the combined market share is moderate (ii) the size of the market is small; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible and well-established competitors including Zanetti, Trentin, Colla, Consorzio Virgilio, Biraghi, Caseria Bresciana, Jansen, and Marcin Goźliński Gomar; (v) the Parties cannot control the production of PDO Italian-type hard cheeses; (vi) retailers can easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.⁸⁵²
- (750) The Commission finds the following:
- (751) *First*, the combined market share of the Parties for PDO Parmigiano Reggiano in the modern retail channel is not very high ([30-40]%).
- (752) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Polish customers and competitors state that Colla, Granarolo, Zarpellon, Jansen, Temar, EuroSer, Mille Sapori Zanetti, Trentin are important suppliers of PDO Parmigiano Reggiano in Poland.⁸⁵³
- (753) *Third*, as explained in paragraph (742), barriers to entry and expansion do not seem to be high in Poland. A majority of market participants considered entry and expansion into the Polish market and importing cheese from an Italian manufacturer not yet present in Poland to be easy, very easy or medium.⁸⁵⁴ Respondents cite three entries or introductions of new types of Italian cheese to the Polish market in the last three years, namely by Stracchino, Euroser and Granarolo, the latter being a strong PDO Parmigiano Reggiano supplier who supplies retailers directly.⁸⁵⁵
- (754) *Fourth*, from a logistical point of view, switching suppliers of PDO Parmigiano Reggiano appears to be relatively easy for Polish customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and,

⁸⁵² Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

⁸⁵³ Questionnaire to customers, questions H.J.B.2 and questionnaire to competitors questions H.J.B.1.

⁸⁵⁴ Questionnaire to competitors and suppliers, question H.J.C.1.

⁸⁵⁵ Questionnaire to customers, question H.J.C.3; Questionnaire to competitors, question H.J.C.3.

therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.

- (755) *Fifth*, Parmigiano Reggiano suppliers will have spare and increasing capacity to export their production, especially to small target markets such as Poland. Eight competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Parmigiano Reggiano across the EEA, including Poland, should there be an increase in demand.⁸⁵⁶ This includes significant PDO Parmigiano Reggiano suppliers not yet present in Poland, such as Galli, Ferrari Giovanni, Saviola and Boni. They would all be able to export PDO Parmigiano Reggiano to the whole EEA, including Poland.⁸⁵⁷ Zanetti would also have spare capacity to increase its exports of PDO Parmigiano Reggiano to the EEA, including Poland, in case of a demand increase.⁸⁵⁸
- (756) *Sixth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Poland.⁸⁵⁹
- (757) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Parmigiano Reggiano in the modern retail channel in Poland.

6.3.13.3. Pecorino Romano

- (758) Both Lactalis and Ambrosi supply PDO Pecorino Romano to the modern retail channel in Poland. Based on the Parties' market share estimates, their combined market share in volume in 2021 is [20-30]% ([10-20]% Lactalis and [5-10]% Ambrosi).

Table 60: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in Poland (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	[...]	[20-30]%
Others	[...]	[70-80]%
Total sales	49	100%

Source: Parties' estimates.

- (759) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is modest (i) the combined

⁸⁵⁶ Questionnaire to competitors, question H.M.9.

⁸⁵⁷ Questionnaire to competitors, question H.M.9.

⁸⁵⁸ Questionnaire to competitors, question H.M.9.

⁸⁵⁹ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

market share is moderate (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible and well-established competitors including Zanetti, Trentin, Colla, Consorzio Virgilio, Biraghi, Caseria Bresciana, Jansen, and Marcin Goźliński Gomar; (v) the Parties cannot control the production of PDO Italian-type hard cheeses; (vi) retailers can easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.⁸⁶⁰

(760) The Commission finds the following:

(761) *First*, the combined market share of the Parties for PDO Pecorino Romano in Poland is not very high ([20-30]%).

(762) *Second*, Ambrosi had modest sales of PDO Pecorino Romano in Poland in 2021 ([volume]).

(763) *Third*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Polish customers and competitors state that Michelangelo, Granarolo, Zanetti, and Colla are important suppliers of PDO Pecorino Romano in Poland.⁸⁶¹

(764) *Fourth*, as explained in paragraph (742), barriers to entry and expansion do not seem to be high in Poland. A majority of market participants considered entry and expansion into the Polish market and importing cheese from an Italian manufacturer not yet present in Poland to be easy, very easy or medium.⁸⁶² In addition, with only 49 tonnes of PDO Pecorino Romano sold in Poland to modern retailers in 2021, the size of the market is small. Thus, also suppliers of PDO Pecorino Romano with lower output volumes could satisfy the need for PDO Pecorino Romano in Poland. Respondents cite three entries or introductions of new types of Italian cheese to the Polish market in the last three years, namely by Stracchino, Euroser and Granarolo, the latter being a strong PDO Pecorino Romano supplier who supplies retailers directly.⁸⁶³

(765) *Fifth*, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for Polish customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.

(766) *Sixth*, two significant suppliers of PDO Pecorino Romano, Ferrari Giovanni and Saviola, who are not yet present in Poland, have indicated that they would have the spare capacity and willingness to start exporting their PDO Pecorino Romano across the EEA, including Poland, should there be an increase in demand.⁸⁶⁴

(767) *Seventh*, the Parties are not viewed as each other's closest competitors. Only one respondent cites Ambrosi, while others mention Euroser, Colla, Vivaldi, Soresina,

⁸⁶⁰ Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

⁸⁶¹ Questionnaire to customers, questions H.J.B.2 and questionnaire to competitors questions H.J.B.1.

⁸⁶² Questionnaire to competitors and suppliers, question H.J.C.1.

⁸⁶³ Questionnaire to customers, question H.J.C.3; Questionnaire to competitors, question H.J.C.3.

⁸⁶⁴ Questionnaire to competitors, question H.M.9.

Zanetti and Michelangelo as Lactalis' closest competitors for PDO Pecorino Romano in Poland. Zanetti and Michelangelo are the only suppliers cited as Ambrosi's closest competitors.⁸⁶⁵

- (768) *Eighth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Poland.⁸⁶⁶
- (769) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano in the modern retail channel in Poland.

6.3.13.4. Taleggio

- (770) The Parties' combined market share in the supply of PDO taleggio to the OOH channel in Poland is [20-30]%, with an increment of [0-5]%. The Notifying Party has not attributed the remaining [70-80]% of the market shares to any specific other competitors.

Table 61: Market shares for PDO taleggio in the OOH channel in Poland (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[20-30]%
Others	[...]	[70-80]%
Total sales	10	100%

Source: Parties' estimates.

- (771) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the combined market share is moderate and the increment is trivial; (ii) the market dimension is small (9.74 tonnes in 2021); (iii) there is no closeness of competition; (iv) the Parties will continue to face competition in the OOH channel in Poland from Arnoldi, Santangiolina Latte Fattorie Lombarde, Valcolatte and Oioli; and (v) there is competitive pressure from suppliers of other similar Italian cheeses.⁸⁶⁷
- (772) The Commission finds the following:
- (773) *First*, the Parties' combined market share is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁶⁸ Furthermore, the increment added to Lactalis market share through the concentration is only [0-5]%, resulting in an HHI delta of less than 150 (approx. [0-50]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁶⁹

⁸⁶⁵ Questionnaire to customers, question H.J.A.5; Questionnaire to competitors, question H.J.A.4.

⁸⁶⁶ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁸⁶⁷ Form CO, paragraph 1098; The Notifying Party's response to RFI 8, question 5, paragraph 5.1.

⁸⁶⁸ Horizontal Merger Guidelines, paragraph 18.

⁸⁶⁹ Horizontal Merger Guidelines, paragraph 20.

- (774) *Second*, the Parties would continue to face competition from other suppliers of taleggio in Poland, such as Zanetti.⁸⁷⁰
- (775) *Third*, there is potential for new suppliers of taleggio to come into the market in Poland.
- (a) As indicated by the market investigation, it does not appear to be difficult for a manufacturer to enter the Polish markets for the supply of Italian cheeses, including taleggio. In particular, a majority of the customers that expressed an opinion held that it would be very easy, easy or medium to start importing Italian cheese from an Italian manufacturer not yet present in Poland.⁸⁷¹ Similarly, a majority of competitors that expressed an opinion held that it would be very easy, easy or medium for an Italian manufacturer of cheese not yet present in Poland to start exporting Italian cheese to Poland, although a significant minority of the competitors held that this would be difficult or very difficult.⁸⁷²
 - (b) With only 9.74 tonnes of taleggio sold in Poland overall in 2021, the size of the market is small. Thus, even suppliers of taleggio with lower output volumes could satisfy the needs of taleggio in Poland.
 - (c) Ambrosi does not manufacture taleggio and does not have its own distribution infrastructure in Poland but relies on third-party distributors.⁸⁷³ This shows that it is possible to enter and expand in the supply of taleggio in Poland without having specific distribution capabilities in Poland and without having specific production capabilities for taleggio.
 - (d) Several competitors of the Parties have indicated that, in case of an increase of the demand for taleggio, they have the capacity to increase exports or start exporting taleggio to the whole EEA.⁸⁷⁴
- (776) *Fourth*, from a logistical point of view, switching suppliers of taleggio appears to be relatively easy since these products are all produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (777) *Fifth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Poland.⁸⁷⁵
- (778) *Sixth*, a significant supplier active in the sale of taleggio in Poland, namely Zanetti, has indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel.⁸⁷⁶ Hence, post-merger, it appears as if the Parties, when selling taleggio to Ho.Re.Ca customers, would face competitive constraint also from companies supplying taleggio to the modern retail channel.

⁸⁷⁰ Questionnaire to competitors, question C.A.3.

⁸⁷¹ Questionnaire to customers, question H.J.C.1.

⁸⁷² Questionnaire to competitors, question H.J.C.1.

⁸⁷³ Form CO, paragraph 759; Response to PN RFI 4, paragraph 11.6.

⁸⁷⁴ Questionnaire to competitors, question H.M.9.

⁸⁷⁵ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁸⁷⁶ Questionnaire to competitors, questions D.D.5-1 and C.A.3.

(779) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of taleggio to the OOH channel in Poland.

6.3.14. Romania

(780) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to following cheese types in Romania: Pecorino Romano and ricotta.⁸⁷⁷

6.3.14.1. Pecorino Romano

(781) Both Lactalis and Ambrosi supply PDO Pecorino Romano to the modern retail channel in Romania. Based on the Parties' market share estimates, their combined market share in volume in 2021 is [20-30]% ([20-30]% Ambrosi and [0-5]% Lactalis).

Table 62: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in Romania (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[0-5]%
Ambrosi	[...]	[20-30]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	35	100%

Source: Parties' estimates.

(782) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the increment brought about as a result of the concentration is trivial and the combined market share is low; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible and well-established competitors including Zanetti, Trentin, Parmareggio, Hockland, Granterre, Bongrain, Olympus, Zarpellon, Auricchio, Zappalà, and Brazzale; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no significant barriers to entry and expansion; and (vii) retailers have strong bargaining power.⁸⁷⁸

⁸⁷⁷ In Romania, there are plausible markets for the supply of the following products that are also technically affected: butter packets, gorgonzola, Grana Padano and Parmigiano Reggiano. However, even under the narrowest market definition, the increments brought about by the concentration are insignificant, lower than [0-5]%. As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these markets.

⁸⁷⁸ Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

- (783) The Commission finds the following:
- (784) *First*, the combined market share of the Parties for PDO Pecorino Romano in Romania is not very high ([20-30]%).
- (785) *Second*, Lactalis had minimal sales of PDO Pecorino Romano to the modern retail channel in Romania in 2021 ([volume]) and the concentration will bring a small increment of [0-5]% to Ambrosi's not very high share of [20-30]%. The concentration would result in an HHI delta that is substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁷⁹
- (786) *Third*, neither Lactalis nor Ambrosi are important suppliers of PDO Pecorino Romano in Romania: no market participant, including among Romanian customers, considered the Parties to be strong suppliers of this type of cheese in the Romanian market.⁸⁸⁰
- (787) *Fourth*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors, including strong suppliers such as Zanetti and Parmareggio.
- (788) *Fifth*, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for Romanian customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (789) *Sixth*, with only 35 tonnes of PDO Pecorino Romano sold in Romania to modern retailers in 2021, the size of the market is small. Thus, also suppliers of PDO Pecorino Romano with lower output volumes could satisfy the need for PDO Pecorino Romano in Romania.
- (790) *Seventh*, two significant suppliers of Pecorino Romano, Ferrari Giovanni and Saviola, who are not yet present in Romania, have indicated that they would have the spare capacity and willingness to start exporting their Pecorino Romano across the EEA, including Romania, should there be an increase in demand.⁸⁸¹
- (791) *Eighth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Romania.⁸⁸²
- (792) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano in the modern retail channel in Romania.

⁸⁷⁹ Horizontal Merger Guidelines, paragraph 20.

⁸⁸⁰ Questionnaire to customers, question H.M.1. and questionnaire to competitors, question H.M.1.

⁸⁸¹ Questionnaire to competitors, question H.M.9.

⁸⁸² Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

6.3.14.2.Ricotta

- (793) Both Lactalis and Ambrosi supply branded ricotta in the modern retail channel in Romania.
- (794) As shown in Table 63, the combined market share of the Parties is equal to [30-40]% whereas the increment from Ambrosi is equal to [0-5]%. The Notifying Party has not attributed the remaining [60-70]% of market share to any specific competitors.

Table 63: Market shares for ricotta (branded) in the modern retail channel in Romania (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	152	100%

Source: Parties' estimates.

- (795) The Notifying Party has not brought forward any arguments on the competitive assessment for the supply of branded ricotta in Romania.
- (796) The Commission finds the following:
- (797) *First*, the increment brought about by the concentration from Ambrosi is small at only [0-5]% (with less than [volume] of branded ricotta sold by Lactalis in Romania in 2021). The concentration would result in an HHI delta of slightly less than 150 (about [50-150]). This is below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁸³
- (798) *Second*, the combined market share of the Parties in this channel is not very high at [30-40]%.
- (799) *Third*, the Parties will continue to face competition from several other strong suppliers of branded ricotta in Romania, including from Euroser Dairy Group, Granarolo, Hochland and Zanetti.⁸⁸⁴
- (800) *Fourth*, the Parties will face additional (potentially out-of-market) competition from private label suppliers of ricotta in Romania, a sub-segment in which neither Party is active in, but which makes up over half of the total demand for branded ricotta in 2021 according to the Parties' estimates. The Parties' combined share in the supply of branded and private label ricotta to the modern retail channel is low at only [10-20]%.⁸⁸⁵ Whilst private label products may not be in the same market as branded products, it is still likely that they competitively constrain the Parties as an out-of-market constraint.

⁸⁸³ Horizontal Merger Guidelines, paragraph 20.

⁸⁸⁴ Questionnaire to competitors, question C.A.3.

⁸⁸⁵ Form CO, Annex 7.2.

- (801) *Fifth*, five Italian manufacturers of ricotta and one Nordic third-party supplier stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including Romania.⁸⁸⁶
- (802) *Sixth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁸⁸⁷ Moreover, while an equal number of responding competitors found that the impact of the concentration on the level of competition in the wholesale distribution of Italian cheese in Romania was neutral and negative,⁸⁸⁸ the clear majority of customers having expressed an opinion indicated that the impact would be neutral.⁸⁸⁹
- (803) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in Romania.

6.3.15. Spain

- (804) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Spain: Pecorino Romano and ricotta.⁸⁹⁰

6.3.15.1. Pecorino Romano

- (805) Both Lactalis and Ambrosi supply PDO Pecorino Romano to the modern retail channel in Spain. Based on the Parties' market share estimates, their combined market share in volume in 2021 is [20-30]% ([20-30]% Lactalis and [0-5]% Ambrosi).

Table 64: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in Spain (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	123	100%

Source: Parties' estimates.

⁸⁸⁶ Questionnaire to competitors, question H.M.9.

⁸⁸⁷ Questionnaire to customers, question I.3.

⁸⁸⁷ Questionnaire to competitors, questions I.1; Questionnaire to customers, question I.1.

⁸⁸⁸ Questionnaire to competitors, question I.3.

⁸⁸⁹ Questionnaire to customers, question I.3.

⁸⁹⁰ In Spain, there are plausible markets for the supply of the following cheeses that are also technically affected: buffalo mozzarella, burrata and cow mozzarella. However, even under the narrowest market definition, the increments brought about by the concentration are insignificant, lower than [0-5]%. As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these markets.

- (806) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market share increment is trivial; (ii) the combined market share is moderate (iii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from a number of credible and well-established competitors including Ferrarini, Zanetti and Auricchio; (v) the segment size is small; (vi) retailers can easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.⁸⁹¹
- (807) The Commission finds the following:
- (808) *First*, the combined market share of the Parties for PDO Pecorino Romano in the modern retail channel in Spain is below the 25% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁹²
- (809) *Second*, Ambrosi had limited sales of Pecorino Romano in the modern retail channel in Spain in 2021 ([volume]) and the concentration will bring a small increment of [0-5]% to Lactalis' not very high share of [20-30]%. The concentration would result in an HHI delta that is substantially less than 150 (about [0-50]). This is significantly below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁸⁹³
- (810) *Third*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Spanish customers and competitors state that Garda, TGT, Negrini, Mammafiore, Valcoiberia Ferrarini, Granarolo, Aurichio, and Ferrari Giovanni are important suppliers of PDO Pecorino Romano in Spain.⁸⁹⁴
- (811) *Fourth*, from a logistical point of view, switching suppliers of PDO Pecorino Romano appears to be relatively easy for Spanish customers since, due to the PDO requirements, these products are all produced in a limited area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (812) *Fifth*, barriers to entry and expansion do not seem to be high in Spain for PDO Pecorino Romano. A majority of market participants considered entry and expansion to be very easy, easy or medium.⁸⁹⁵ Ten customers that expressed an opinion deemed the level of difficulty for customers to begin importing cheese from an Italian manufacturer not yet present in Spain to be easy, very easy or medium, while only one considered importing to be difficult.⁸⁹⁶ The views of competitors on how easy or difficult entry into the Spanish market were more mixed: while seven competitors considered entry to be difficult or very difficult,

⁸⁹¹ Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

⁸⁹² Horizontal Merger Guidelines, paragraph 18.

⁸⁹³ Horizontal Merger Guidelines, paragraph 20.

⁸⁹⁴ Questionnaire to customers, questions H.L.B.2 and questionnaire to competitors questions H.L.B.1.

⁸⁹⁵ Questionnaire to customers, question H.L.C.1. and questionnaire to competitors and suppliers, question H.L.C.1.

⁸⁹⁶ Questionnaire to customers, question H.L.C.1.

eight competitors considered it to be easy, very easy or medium.⁸⁹⁷ In addition, with only 123 tonnes of Pecorino Romano sold in Spain to modern retailers in 2021, the size of the market is small. Thus, also suppliers of Pecorino Romano with lower output volumes could satisfy the need for Pecorino Romano in the modern retail channel in Spain.

- (813) *Sixth*, two significant suppliers of Pecorino Romano, Ferrari Giovanni and Saviola, the latter not yet present in Spain, have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Pecorino Romano across the EEA, including Spain, should there be an increase in demand.⁸⁹⁸
- (814) *Seventh*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Spain.⁸⁹⁹ None of the customers and competitors who responded that the impact would be negative have expressed concerns specifically with regard to the supply of PDO Pecorino Romano in Spain.⁹⁰⁰
- (815) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano in the modern retail channel in Spain.

6.3.15.2. Other Italian-type hard cheese

- (816) Both Lactalis and Ambrosi supply other Italian-type hard cheese in Spain. Based on the Parties' market share estimates, their combined volume market share in the in the OOH channel in 2021 is [90-100]% ([90-100]% Lactalis and [0-5]% Ambrosi).

Table 65: Market shares for other Italian-type hard cheese in the OOH channel in Spain (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[90-100]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[90-100]%</i>
Others	[...]	[0-5]%
Total sales	87	100%

Source: Parties' estimates.

- (817) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market share increment is trivial; (ii) there is competitive pressure from suppliers of similar cheeses; (iv) the combined entity will continue to face competition from

⁸⁹⁷ Questionnaire to competitors and suppliers, question H.L.C.1.

⁸⁹⁸ Questionnaire to competitors, question H.M.9.

⁸⁹⁹ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁹⁰⁰ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

a number of credible and well-established competitors including Ferrarini, Zanetti and Auricchio; (v) the segment size is small; (vi) retailers can easily switch suppliers; (vii) there are no barriers to entry and expansion; and (viii) retailers have strong bargaining power.⁹⁰¹

- (818) While high combined market shares such as those found in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market. Moreover, the Commission's investigation indicates that the acquisition of Ambrosi by Lactalis does not raise competition concerns in relation to PDO Pecorino Romano in Denmark. In particular, the Commission has examined the following factors:
- (819) *First*, the Parties' estimates may overestimate their market position, in light of the results of the market investigation. While the views of customers differ on the estimated combined market share of the Parties for the supply of other Italian-type hard cheese in Spain, they do not exceed [60-70]%.⁹⁰²
- (820) *Second*, Ambrosi had modest sales of other Italian-type hard cheese to the OOH channel in Spain in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Lactalis' share, which may easily be replicated by alternative suppliers.
- (821) *Third*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Spanish customers have confirmed that Zanetti, Agriform, Hispano Italiana, Iberconseil, Granarolo, Caseifici, Garda Import, Hispano Italiana, Flor de Burgos, Mantequeras Arias, Brazzale and Biraghi are important suppliers of other Italian-type hard cheese in Spain.⁹⁰³
- (822) *Fourth*, in addition to the competitors cited by the Parties and by respondents in the market investigation, other significant Italian suppliers of Italian-type hard cheese, namely Cepparo and Soster Formaggi, have also submitted that they sell Italian-type hard cheese in Spain.⁹⁰⁴
- (823) *Fifth*, barriers to entry and expansion do not seem to be high in Spain for other Italian-type hard cheese. A majority of customers and competitors considered entry and expansion to be very easy, easy or medium.⁹⁰⁵ Ten customers that expressed an opinion deemed the level of difficulty for customers to begin importing cheese from an Italian manufacturer not yet present in Spain to be easy, very easy or medium, while only one considered importing to be difficult.⁹⁰⁶ The views of competitors on how easy or difficult entry into the Spanish market is were more mixed: while seven competitors considered entry to be difficult or very difficult,

⁹⁰¹ Form CO, paragraph 1010, and Parties' response to RFI 7, paragraph 6.1.

⁹⁰² Questionnaire to customers, questions H.L.A.3 and H.L.A.4.

⁹⁰³ Questionnaire to customers, question H.L.A.; Questionnaire to competitors, question H.L.A.

⁹⁰⁴ Questionnaire to competitors, question C.A.3-6.

⁹⁰⁵ Questionnaire to customers, question H.J.C.1. and questionnaire to competitors and suppliers, question H.J.C.1.

⁹⁰⁶ Questionnaire to customers, question H.J.C.1.

eight competitors considered it to be easy, very easy or medium.⁹⁰⁷ In addition, with only 87 tonnes of other Italian-type hard cheese sold in Spain to modern retailers in 2021, the size of the market is small. Thus, also suppliers of other Italian-type hard cheese with lower output volumes could satisfy the need for other Italian-type hard cheese in Spain.

- (824) *Sixth*, four significant competitors of the Parties have indicated that, in case of an increase of the demand for other Italian-type hard cheese, they have the capacity to increase exports or start exporting this type of cheese to new EEA countries.⁹⁰⁸ BMI stated that it could start exporting to the Spanish market, while Biraghi, Granarolo and Zanetti, who already supply other Italian-type hard cheese in Spain, stated that they could increase their exports to the EEA, including Spain.⁹⁰⁹
- (825) *Seventh*, the Parties are not viewed as close competitors by market participants. The company most frequently cited by customers and competitors as the closest alternative to Lactalis for other Italian-type hard cheese in Spain is Zanetti, followed by Ferrarini and Hispano Italiana.⁹¹⁰ Zanetti was also the company most frequently mentioned by customers and competitors as the closest alternative to Ambrosi for other Italian-type hard cheese, followed by Ferrarini and Auricchio.⁹¹¹
- (826) *Eighth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Spain.⁹¹²
- (827) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of other Italian-type hard cheese in the modern retail channel in Spain.

6.3.15.3. Mascarpone

- (828) Both Lactalis and Ambrosi supply branded mascarpone in the modern retail channel in Spain. Lactalis supplies branded mascarpone in Spain via the *Galbani* and *Castelli* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁹¹³
- (829) As shown in Table 66, the combined market share of the Parties is equal to [40-50]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has been unable to attribute the remaining [50-60]% of market share to any specific competitors.

⁹⁰⁷ Questionnaire to competitors and suppliers, question H.J.C.1.

⁹⁰⁸ Questionnaire to competitors, question H.M.9.

⁹⁰⁹ Questionnaire to competitors, question H.M.9.

⁹¹⁰ Questionnaire to customers, question H.LA.5; Questionnaire to competitors, question H.LA.3.

⁹¹¹ Questionnaire to customers, question H.LA.6-1; Questionnaire to competitors, question H.LA.4.

⁹¹² Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁹¹³ Form CO, paragraphs 1141-1152.

Table 66: Market shares for mascarpone (branded) in the modern retail channel in Spain (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[40-50]%</i>
Others	[...]	[50-60]%
Total sales	680	100%

Source: Parties' estimates.

- (830) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate and the increment brought about as a result of the concentration is *de minimis*; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the Parties are not close competitors; (iv) Ambrosi's brand is of no relevance in this market; (v) the Parties will continue to compete with other branded suppliers of mascarpone including with Zanetti, Sterilgarda, Granarolo, Goldsteig, Capsa, Flor De Burgos, and Quesería Lafuente; (vi) there are no significant barriers to entry and expansion; (vii) customers can easily switch suppliers; and (viii) retailers have bargaining power.⁹¹⁴
- (831) The Commission finds the following:
- (832) *First*, while the combined market share of the Parties is relatively high, the increment added to Lactalis' market share through the concentration is immaterial at only [0-5]% (and only about [volume] of mascarpone sold by Ambrosi in 2021). The concentration would result in an HHI delta of significantly less than 150 (about [0-50]). This is substantially below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹¹⁵
- (833) *Second*, there are a number of alternative suppliers of mascarpone currently available to customers in Spain, including Granarolo and Zanetti.⁹¹⁶
- (834) *Third*, the barriers to entry and expansion in the market for the supply of mascarpone in Spain appear to be low.
- (a) The majority of both customers and competitors stated that it would be "very easy", "easy" or "medium" to start importing Italian cheese products, such as mascarpone, from an Italian manufacturer not yet present in Spain, taking account of all into account all barriers to entry that would be applicable.⁹¹⁷
- (b) Four Italian manufacturers of mascarpone stated that, in case of an increase of demand for mascarpone, they have the capacity to increase exports or start exporting mascarpone to the whole of the EEA, including Spain.⁹¹⁸

⁹¹⁴ Form CO, paragraph 1153.

⁹¹⁵ Horizontal Merger Guidelines, paragraph 20.

⁹¹⁶ Questionnaire to competitors, question C.A.3.

⁹¹⁷ Questionnaire to competitors, question H.L.C.1, and questionnaire to competitors, question H.L.C.1.

⁹¹⁸ Questionnaire to competitors, question H.M.9.

- (c) Ambrosi itself does not manufacture its own mascarpone and relies on a third-party distributor in Spain. This shows that it is possible to enter and expand in the supply of mascarpone in Spain without having specific distribution capabilities in Spain and without having specific production capabilities for mascarpone.
- (835) *Fourth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁹¹⁹ Moreover, the majority of both customers and competitors that expressed an opinion stated that the concentration would have a positive or neutral impact on the level of competition in the wholesale distribution of Italian cheeses in Spain.⁹²⁰
- (836) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded mascarpone to the modern retail channel in Spain.

6.3.15.4. Ricotta

- (837) Both Lactalis and Ambrosi supply branded ricotta in the modern retail channel in Spain. Lactalis supplies branded ricotta in Spain via the *Galbani*, *Santa Lucia* and *Castelli* brands, whereas Ambrosi only supplies ricotta manufactured by third-parties.⁹²¹
- (838) As shown in Table 67, the combined market share of the Parties is equal to [40-50]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has been unable to attribute the remaining [60-70]% of market share to any specific competitors.

Table 67: Market shares for ricotta (branded) in the modern retail channel in Spain (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[40-50]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	[...]	[40-50]%
Others	[...]	[60-70]%
Total sales	141	100%

Source: Parties' estimates.

- (839) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is low when considering both branded and private label sales and the increment brought about as a result of the concentration is *de minimis*; (ii) the Parties are not close competitors; (iii) there is competitive pressure from suppliers of similar cheeses; (iv) Ambrosi's brand is of no relevance in this market; (v) the market is very small which means even small changes in volume can change the competitive situation; (vi) the Parties will continue to compete with other branded suppliers of ricotta

⁹¹⁹ Questionnaire to competitors, questions I.1, and questionnaire to customers, question I.1.

⁹²⁰ Questionnaire to competitors, question I.3, and questionnaire to customers, question I.3.

⁹²¹ Form CO, paragraphs 1155-1156.

including Granarolo and Trentin, as well as suppliers of private label ricotta; (vii) customers can easily switch suppliers; (viii) there are no significant barriers to entry and expansion; and (ix) retailers have bargaining power.⁹²²

(840) The Commission finds the following:

(841) *First*, while the combined market share of the Parties is relatively high at [40-50]%, the increment added to Lactalis' market share through the concentration is immaterial at only [0-5]% (and only about [volume] of ricotta sold by Ambrosi in 2021). The concentration would result in an HHI delta of significantly less than 150 (about [0-50]). This is substantially below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹²³

(842) *Second*, there are a number of alternative suppliers of branded ricotta currently available to customers in Spain, including Granarolo and Zanetti.⁹²⁴

(843) *Third*, the barriers to entry and expansion in the market for the supply of ricotta in Spain appear to be low.

(a) With only 141 tonnes of branded ricotta sold in Spain to modern retailers in 2021, the size of the market is small. Thus, also suppliers of ricotta with lower output volumes could satisfy the need for ricotta in Spain.⁹²⁵

(b) The majority of both customers and competitors stated that it would be “very easy”, “easy” or “medium” to start importing Italian cheese products, such as branded ricotta, from an Italian manufacturer not yet present in Spain, taking account of all into account all barriers to entry that would be applicable.⁹²⁶

(c) Five Italian manufacturers of ricotta and one Nordic third-party supplier stated that, in case of an increase of demand for ricotta, they would have the capacity to increase exports or start exporting ricotta to the whole of the EEA, including Spain.⁹²⁷

(d) Ambrosi itself does not manufacture its own ricotta and relies on a third-party distributor in Spain. This shows that it is possible to enter and expand in the supply of mascarpone in Spain without having specific distribution capabilities in Spain and without having specific production capabilities for ricotta.

(844) *Fourth*, a majority of customers and competitors having expressed an opinion held that the concentration would have a neutral impact on their companies.⁹²⁸ Moreover, the majority of both customers and competitors that expressed an opinion stated that the concentration would have a positive or neutral impact on the level of competition in the wholesale distribution of Italian cheeses in Spain.⁹²⁹

⁹²² Form CO, paragraphs 1158-1159.

⁹²³ Horizontal Merger Guidelines, paragraph 20.

⁹²⁴ Questionnaire to competitors, question C.A.3.

⁹²⁵ However, it should be noted that the small size of the Spanish market for ricotta may also negatively affect the incentives to enter this market by manufacturers and other suppliers currently not yet active in Spain.

⁹²⁶ Questionnaire to competitors, question H.L.C.1, and questionnaire to competitors, question H.L.C.1.

⁹²⁷ Questionnaire to competitors, question H.M.9.

⁹²⁸ Questionnaire to competitors, questions I.1, and questionnaire to customers, question I.1.

⁹²⁹ Questionnaire to competitors, question I.3, and questionnaire to customers, question I.3.

(845) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in Spain.

6.3.16. Sweden

(846) Based on the market share data submitted by the Parties, the concentration gives rise to horizontally affected markets in relation to the following cheese types in Sweden: Grana Padano, Parmigiano Reggiano, Pecorino Romano, other Italian-type hard cheese, mascarpone, ricotta, taleggio and gorgonzola.⁹³⁰

6.3.16.1. Grana Padano

(847) Based on the Parties' market share estimates, their combined market share in volume in 2021 is [20-30]% for the modern retail channel ([20-30]% Lactalis and [0-5]% Ambrosi).

Table 68: Market shares for PDO Grana Padano (branded + private label) in the modern retail channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	976	100%

Source: Parties' estimates.

(848) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the combined market share will be moderate; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Axfood, Zanetti, ICA, Arla Foods, Latteria Soresina, Matric, Ferrari Giovanni, Zanetti, Parmareggio, Wenerssons, Colla, Di Luca and Gennaro Auricchio; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.⁹³¹

(849) The Commission finds the following:

(850) *First*, Ambrosi had minimal sales of PDO Grana Padano in Sweden in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Lactalis'

⁹³⁰ In Sweden, there are plausible markets for the supply of the following cheeses that are also technically affected: cow mozzarella and ricotta (branded modern retail). However, even under the narrowest market definition, the increments brought about by the concentration are insignificant, lower than [0-5]%. As a result, the concentration does not bring a material change to these markets and on this basis the Commission finds that the concentration does not raise serious doubts concerning these markets.

⁹³¹ Form CO, paragraph 746.

moderate market share of [20-30]%. The concentration would result in an HHI delta of significantly less than 150 (about [0-50]). This is substantially below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹³²

- (851) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors currently active in the market. Swedish customers and competitors have identified Granarolo, Di Luca, Wernersson, which seems to distribute in the Nordics the PDO Grana Padano of Michelangelo,⁹³³ and private label suppliers as main suppliers of this cheese in Sweden.⁹³⁴
- (852) Other significant suppliers of PDO Grana Padano, namely Zanetti, Tine and Produttori latte associate Cremona, have also submitted that they sell this product in Sweden.⁹³⁵
- (853) *Third*, a number of strong competitors of the Parties are active in the supply of PDO Grana Padano in neighbouring markets (Norway, Denmark and Finland) and could easily and promptly enter the Swedish market. This is relevant because a majority of competitors submit that there are no or not particularly significant differences between consumer preferences and conditions of competition for the supply of Italian cheeses across Denmark, Sweden, Norway and Finland.⁹³⁶ PDO Grana Padano competitors active in neighbouring countries include: (i) in Denmark, Zanetti, Granarolo, Tine SA and Produttori latte associati Cremona; (ii) in Finland, Ferrari Giovani, Produttori latte associati Cremona, Granarolo and Zanetti; and (iii) in Norway, Zanetti.⁹³⁷ Namely, Tine confirms that it would be easy to enter the Swedish market.⁹³⁸
- (854) *Fourth*, six competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Grana Padano across the EEA, including Sweden, should there be an increase in demand.⁹³⁹ This includes significant PDO Grana Padano suppliers not yet present in Sweden, such as Saviola or Boni. Significant PDO Grana Padano suppliers already present in Sweden, like Zanetti, would also have spare capacity to increase exports to the EEA, including Sweden.⁹⁴⁰ Namely Zanetti has explained that it is in the process of expanding its production capacity for the manufacture of PDO Grana Padano by 15%-20% to respond to demand increases in recent years.⁹⁴¹
- (855) *Fifth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Sweden.⁹⁴² None of the customers and competitors who responded that the impact would be negative

⁹³² Horizontal Merger Guidelines, paragraph 20.

⁹³³ See [Grana Padano Michelangelo as Wernersson Ost](#).

⁹³⁴ Questionnaire to customers, question H.K.C.1.

⁹³⁵ Questionnaire to competitors, question C.A.3-6.

⁹³⁶ Questionnaire to competitors, question F.5.

⁹³⁷ Questionnaire to competitors, question C.A.3-6.

⁹³⁸ Questionnaire to competitors, question H.K.D.1.

⁹³⁹ Questionnaire to competitors, question H.M.9.

⁹⁴⁰ Questionnaire to competitors, question H.M.9.

⁹⁴¹ Minutes of the call with a competitor on 4 January 2023, para. 27.

⁹⁴² Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

have expressed concerns specifically with regard to the supply of PDO Grana Padano in Sweden.⁹⁴³

- (856) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Grana Padano to the modern retail channel in Sweden.

6.3.16.2. Parmigiano Reggiano

- (857) Both Lactalis and Ambrosi supply PDO Parmigiano Reggiano to the modern retail channel in Sweden. Based on the Parties' market share estimates, their combined market share in volume in 2021 is [30-40]% ([30-40]% Ambrosi and [5-10]% Lactalis).

Table 69: Market shares for PDO Parmigiano Reggiano (branded + private label) in the modern retail channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[5-10]%
Ambrosi	[...]	[30-40]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[60-70]%
Total sales	1,294	100%

Source: Parties' estimates.

- (858) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market is expanding; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Auricchio, Latteria Sociale Mantova, Parmareggio, Di Luca & Di Luca, Wernersson, Matric, Arla Foods, Granarolo, Colla, Caseificio Villa, Cascine Emiliane, and Savencia; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.⁹⁴⁴
- (859) The Commission finds the following:
- (860) *First*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors currently active in the market. There are a number of alternative cheese suppliers currently available to Swedish customers. Swedish customers and competitors have identified Granarolo, Di Luca, Auricchio, Parmareggio or Caseifici Granterre S.P.A as main suppliers of PDO Parmigiano Reggiano in Sweden.⁹⁴⁵ An additional significant supplier of PDO

⁹⁴³ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁹⁴⁴ Form CO, paragraph 774 and Annex 7.6 page 84.

⁹⁴⁵ Questionnaire to customers, questions H.K.A.1 and H.K.A.2, questionnaire to competitors, questions H.K.A.1 and H.K.A.2.

Parmigiano Reggiano, Zanetti, as well as Tine, have also submitted that they sell this product in Sweden.⁹⁴⁶

- (861) *Second*, a number of strong competitors of the Parties are active in the supply of PDO Parmigiano Reggiano in neighbouring markets (Norway, Denmark and Finland) and could easily and promptly enter the Swedish market. On one hand, a majority of competitors submit that there are no or not particularly significant differences between consumer preferences and conditions of competition for the supply of Italian cheeses across Denmark, Sweden, Norway and Finland.⁹⁴⁷ PDO Parmigiano Reggiano competitors active in neighbouring countries include: (i) in Denmark, Granarolo and Zanetti; (ii) in Finland, Ferrari Giovanni, Produttori latte associati Cremona, Granarolo and Zanetti; and (iii) in Norway, Zanetti.⁹⁴⁸
- (862) *Third*, Parmigiano Reggiano suppliers will have spare and increasing capacity to export their production. Namely, eight competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Parmigiano Reggiano across the EEA, including Sweden, should there be an increase in demand.⁹⁴⁹ This includes significant PDO Parmigiano Reggiano suppliers not yet present in Sweden, such as Ferrari Giovanni, Saviola or Boni. They would all be able to export PDO Parmigiano Reggiano to the whole EEA. Significant PDO Parmigiano Reggiano suppliers already present in Sweden, like Zanetti or Granarolo would also have spare capacity to increase exports to the EEA, including Sweden.⁹⁵⁰
- (863) *Fourth*, when asked who they would buy PDO Parmigiano Reggiano from if they could not buy from Lactalis, Swedish customers mentioned Granarolo, Savencia, Ferrari Giovanni and Caseifici Granterre as alternatives.⁹⁵¹ The same suppliers, as well as Zanetti, were identified by Swedish customers when asked who they would turn to in case they could not buy their PDO Parmigiano Reggiano from Ambrosi.⁹⁵²
- (864) *Fifth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Sweden.⁹⁵³ None of the customers and competitors who responded that the impact would be negative have expressed concerns specifically with regard to the supply of PDO Parmigiano Reggiano in Sweden.⁹⁵⁴
- (865) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Parmigiano Reggiano to the modern retail channel in Sweden.

⁹⁴⁶ Questionnaire to competitors, question C.A.3-6.

⁹⁴⁷ Questionnaire to competitors, question F.5.

⁹⁴⁸ Questionnaire to competitors, question C.A.3-6.

⁹⁴⁹ Questionnaire to competitors, question H.M.9.

⁹⁵⁰ Questionnaire to competitors, question H.M.9.

⁹⁵¹ Questionnaire to customers, question H.K.A.5-1.

⁹⁵² Questionnaire to customers, question H.K.A.6-1.

⁹⁵³ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁹⁵⁴ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

6.3.16.3. Pecorino Romano

(866) Both Lactalis and Ambrosi supply PDO Pecorino Romano in Sweden. Based on the Parties' market share estimates, their combined volume market share in the modern retail channel in 2021 is [30-40]% ([20-30]% Lactalis and [0-5]% Ambrosi).

Table 70: Market shares for PDO Pecorino Romano (branded + private label) in the modern retail channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Others	[...]	[70-80]%
Total sales	92	100%

Source: Parties' estimates.

(867) The Notifying Party argues that the concentration does not raise any competitive concerns under any potential market definition for the following reasons: (i) the market is expanding; (ii) there is competitive pressure from suppliers of similar cheeses; (iii) the combined entity will continue to face competition from a number of credible competitors including Auricchio, Latteria Sociale Mantova, Parmareggio, Di Luca & Di Luca, Wernersson, Matric, Arla Foods, Granarolo, Colla, Caseificio Villa, Cascine Emiliane, and Savencia; (iv) the Parties cannot control the production of PDO Italian-type hard cheeses; (v) retailers can easily switch suppliers; (vi) there are no barriers to entry and expansion; and (vii) retailers have strong bargaining power.⁹⁵⁵

(868) The Commission finds the following:

(869) *First*, Ambrosi had *de minimis* sales of PDO Pecorino Romano in Sweden in 2021 ([volume]). The concentration will bring a limited increment of [0-5]% to Lactalis' moderate market share of [20-30]%. The concentration would result in an HHI delta of significantly less than 150 (about [50-150]). This is substantially below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹⁵⁶

(870) *Second*, after the concentration, the combined entity will continue to face significant competitive pressure from other competitors. Significant Italian suppliers of PDO Pecorino Romano, namely Zanetti, Granarolo and Tine have submitted that they sell PDO Pecorino Romano in Sweden.⁹⁵⁷

(871) *Third*, three competitors of the Parties have indicated that they would have the spare capacity and willingness to increase their exports or start exporting their PDO Pecorino Romano across the EEA, including Sweden, should there be an increase in demand.⁹⁵⁸ This includes significant PDO Pecorino Romano suppliers not yet present in Sweden, such as Saviola or Ferrari Giovanni. Significant PDO Pecorino

⁹⁵⁵ Form CO, paragraph 774 and Annex 7.6 page 84.

⁹⁵⁶ Horizontal Merger Guidelines, paragraph 20.

⁹⁵⁷ Questionnaire to competitors, question C.A.3-6.

⁹⁵⁸ Questionnaire to competitors, question H.M.9.

Romano suppliers already present in Sweden, namely Granarolo, would also have spare capacity to increase exports to the EEA, including Sweden.⁹⁵⁹

- (872) *Fourth*, a majority of customers and competitors having expressed an opinion indicated that the concentration would have a neutral impact on the level of competition in the wholesale distribution of Italian cheese in Sweden.⁹⁶⁰ None of the customers and competitors who responded that the impact would be negative have expressed concerns specifically with regard to the supply of PDO Pecorino Romano in Sweden.⁹⁶¹
- (873) Based on the above considerations and in the light of the results of the market investigation, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market on the market for the supply of PDO Pecorino Romano to the modern retail channel in Sweden.

6.3.16.4. Mascarpone

- (874) Both Lactalis and Ambrosi supply small amounts of branded mascarpone in the modern retail channel in Sweden. Lactalis supplies branded mascarpone in Sweden via the *Galbani* and *Di Vittorio* brands, whereas Ambrosi supplies it under the *Ambrosi* brand.⁹⁶²
- (875) As shown in Table 71, the combined market share of the Parties is equal to [30-40]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has attributed [50-60]% of the remaining market share to Di Luca & Di Luca, [5-10]% to Wernersson and a small amount to unnamed other competitors.

Table 71: Market shares for mascarpone (branded) in the modern retail channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[30-40]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[30-40]%</i>
Di Luca & Di Luca	[...]	[50-60]%
Wernersson	[...]	[5-10]%
Others	[...]	<[0-5]%
Total sales	129	100%

Source: Parties' estimates.

- (876) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share and increment is moderate when considering both branded and private label sales; (ii) the Parties are not close competitors; (iii) the market is very small which means even small changes in volume can change the competitive situation; (iv) the Parties will continue to compete with other suppliers of mascarpone including with Di

⁹⁵⁹ Questionnaire to competitors, question H.M.9.

⁹⁶⁰ Questionnaire to customers, question I.3; Questionnaire to competitors, question I.3.

⁹⁶¹ Questionnaire to customers, question I.4; Questionnaire to competitors, question I.4.

⁹⁶² Form CO, paragraph 750.

Luca & Di Luca, Wernersoon, Goldsteig, Granarolo, and Soresina; (v) customers can easily switch suppliers; (vi) there are no significant barriers to entry and expansion; (vii) retailers have bargaining power; and (viii) there is competitive pressure from suppliers of similar cheeses.⁹⁶³

- (877) The Commission finds the following:
- (878) *First*, while the combined market share of the Parties is not very high at [30-40]%, the increment added to Lactalis' market share through the concentration is immaterial at only [0-30]% (and only about [volume] of mascarpone sold by Ambrosi in 2021). The concentration would result in an HHI delta of significantly less than 150 (about [0-50]). This is substantially below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹⁶⁴
- (879) *Second*, there are a number of alternative suppliers of mascarpone currently available to customers in Sweden, including Tine SA, Granarolo and Zanetti.⁹⁶⁵
- (880) *Third*, a majority of customers that expressed an opinion are of the view that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheeses in Sweden.⁹⁶⁶ Similarly, a majority of responding competitors found that the concentration's impact in this regard would be neutral.⁹⁶⁷
- (881) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded mascarpone to the modern retail channel in Sweden.

6.3.16.5.Ricotta

- (882) Both Lactalis and Ambrosi supply small amounts of branded and private label ricotta in the modern retail channel in Sweden.
- (883) As shown in Table 72, the combined market share of the Parties in the supply of private label ricotta to modern retailers in Sweden is equal to [20-30]% whereas the increment from Ambrosi is less than [0-5]%. The Notifying Party has not attributed the remaining [70-80]% of market share to any specific competitors.

⁹⁶³ Form CO, paragraph 750.

⁹⁶⁴ Horizontal Merger Guidelines, paragraph 20.

⁹⁶⁵ Questionnaire to competitors, question C.A.3.

⁹⁶⁶ Questionnaire to customers, question I.3.

⁹⁶⁷ Questionnaire to competitors, question I.3.

Table 72: Market shares for ricotta (private label) in the modern retail channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[20-30]%
Ambrosi	[...]	[0-5]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	110	100%

Source: Parties' estimates.

- (884) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the Parties' combined market share is moderate when considering both branded and private label sales and the increment is insignificant; (ii) the Parties' market shares have been declining between 2019 and 2021; (iii) the Parties are not close competitors; (iv) the market is very small which means even small changes in volume can change the competitive situation; (v) the Parties will continue to compete with other suppliers of mascarpone including with Di Luca & Di Luca, Granarolo, Wernersson, Ciresa, Goldsteig, Soresina, Sterilgarda and Caseificio Elda; (vi) customers can easily switch suppliers; (vii) there are no significant barriers to entry and expansion; (viii) retailers have bargaining power; (ix) customers can easily switch suppliers; and (x) there is competitive pressure from suppliers of similar cheeses.⁹⁶⁸
- (885) The Commission finds the following:
- (886) *First*, the combined market share of the Parties is not very high at [20-30]%, and the increment added to Lactalis' market share through the concentration is immaterial at only [0-5]% (and only about [volume] of ricotta sold by Ambrosi in 2021). The concentration would result in an HHI delta of significantly less than 150 (about [0-50]). This is substantially below the indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹⁶⁹
- (887) *Second*, there are a number of alternative suppliers of ricotta currently available to customers in Sweden, including Tine SA, Granarolo and Zanetti.⁹⁷⁰
- (888) *Third*, retailers generally source private label cheese products, including ricotta, via European-wide calls for tenders.⁹⁷¹ This type of procurement process can generally be expected to result in more competitive outcomes for customers than bilateral negotiations. In addition, brand considerations play a less significant to no role in tenders for private label products and therefore even smaller, unknown producers of ricotta with sufficient production capacity can be expected to bid competitively for these tenders.

⁹⁶⁸ Form CO, paragraphs 755-756.

⁹⁶⁹ Horizontal Merger Guidelines, paragraph 20.

⁹⁷⁰ Questionnaire to competitors, question C.A.3.

⁹⁷¹ Form CO, paragraph 197-198.

- (889) *Fourth*, a majority of customers that expressed an opinion are of the view that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheeses in Sweden.⁹⁷² Similarly, a majority of responding competitors found that the concentration's impact in this regard would be neutral.⁹⁷³
- (890) Based on the above considerations, the Commission considers that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of branded ricotta to the modern retail channel in Sweden.

6.3.16.6. Taleggio

- (891) The Parties' combined market share in the supply of PDO taleggio to the OOH channel in Sweden is [50-60]%, with an increment of [5-10]%. The Notifying Party has not attributed the remaining [40-50]% of the market shares to any specific other competitors.

Table 73: Market shares for PDO taleggio in the OOH channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[5-10]%
Ambrosi	[...]	[40-50]%
<i>Combined</i>	[...]	[50-60]%
Others	[...]	[40-50]%
Total sales	40	100%

Source: Parties' estimates.

- (892) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the increment is modest; (ii) the market dimension is small (39.6 tonnes in 2021); (iii) the Parties will continue to face competition from other suppliers of taleggio in Sweden, such as Martin & Servera, Wernersson, Granarolo Nordic, Di Luca & Di Luca and Arla Foods; (iv) there is no closeness of competition; and (v) there is competitive pressure from suppliers of other similar Italian cheeses.⁹⁷⁴
- (893) While high combined market shares together with an increment that is not immaterial, as in the present market, are normally a *prima facie* indicator that the Parties' have significant market power, certain qualitative factors present in this market, particularly relating to the ease of entry and expansion by other producers and suppliers of this cheese as well as about other suppliers already present in this market, and the fact that the Parties have a relatively low share in the overall production of the cheese they sell in this market, indicate that the Parties' estimated market share is likely to significantly overstate the Parties' actual market power in this specific market and that the Transaction does not lead to a significant impediment of effective competition in this market. In particular, the Commission has examined the following factors:

⁹⁷² Questionnaire to customers, question I.3.

⁹⁷³ Questionnaire to competitors, question I.3.

⁹⁷⁴ Form CO, paragraph 759; The Notifying Party's response to RFI 8, question 6, paragraph 6.1.

- (894) *First*, none of the market participants identified Lactalis or Ambrosi as important suppliers of taleggio in Sweden. Instead, Falbygdens (Arla), Skåne Mejerierna, Ciresa, Wernersson and Engelmanns have been identified in the market investigation by competitors and customers as main suppliers of taleggio Sweden.⁹⁷⁵ The Parties would thereby continue to face competition from other suppliers of taleggio in Sweden. Furthermore, TINE SA, Zanetti and Granarolo have indicated that they supply taleggio in Sweden.⁹⁷⁶ The Commission has thus through the market investigation identified other competing suppliers of taleggio in Sweden in addition to those identified by the Parties.
- (895) *Second*, when asked who they would buy taleggio from if they could not buy from Lactalis, Swedish customers mentioned Cireca, Tage Lindblom, Defendi and Mauri as alternatives.⁹⁷⁷ The same suppliers were identified by Swedish customers when asked who they would turn to in case they could not buy their taleggio from Ambrosi.⁹⁷⁸ This indicates that the Parties are not close competitors in the supply of taleggio in Sweden.
- (896) *Third*, upstream the Parties only produce a relatively limited amount of the total volume of taleggio sold in the EEA and elsewhere. In particular, Lactalis' production share for taleggio was equal to only around [5-10]% in 2022, whereas Ambrosi does not produce taleggio at all and instead only resells taleggio produced by third-parties.⁹⁷⁹ Therefore, the concentration will not result in a bottleneck at the production level and retail customers in Sweden will be able to import taleggio from a range of manufacturers independent from the Parties.
- (897) *Fourth*, there is potential for new suppliers of mascarpone to come into the market in Sweden. With only 39.6 tonnes of taleggio sold to the OOH channel in Sweden overall in 2021, the size of the market is small. Thus, even suppliers of taleggio with lower output volumes could satisfy the needs of taleggio in the OOH channel in Sweden. This also means that the the Parties' market positioning is not entrenched, as limited sales would allow competitors to capture large portions of the market and since the switch of an important customer could reshuffle market shares.
- (898) Furthermore, from a logistical point of view, switching suppliers of taleggio appears to be relatively easy since, due to the PDO requirements, these products are all produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs.
- (899) In addition, Ambrosi does not manufacture its own taleggio and does not have its own distribution infrastructure in Sweden but relies on third-party distributors.⁹⁸⁰ This shows that it is possible to enter and expand in the supply of taleggio in Sweden without having specific distribution capabilities in Sweden and without having specific production capabilities for taleggio.

⁹⁷⁵ Questionnaire to customers, questions H.K.B.1-H.K.B.2; Questionnaire to competitors, question H.K.B.1-H.K.B.2.

⁹⁷⁶ Questionnaire to competitors, question C.A.3.

⁹⁷⁷ Questionnaire to customers, question H.K.B.5.

⁹⁷⁸ Questionnaire to customers, question H.K.B.6.

⁹⁷⁹ The Notifying Party's response to RFI 9, question 1.

⁹⁸⁰ Form CO, paragraph 759; Response to PN RFI 4, paragraph 11.6.

- (900) However, a majority of customers found that, in case of a lasting and significant (5-10%) increase of the wholesale price for taleggio in Sweden, it would be very unlikely for customers to import taleggio from alternative suppliers currently not offered in Sweden.⁹⁸¹ Nevertheless, when asked how easy or difficult it would be for customers to start importing Italian cheese products from an Italian manufacturer not yet present in Sweden, a majority of customers having expressed an opinion answered that it would be “easy” or “medium”.⁹⁸² Moreover, while some of the responding competitors indicated that it would be difficult or very difficult to enter the Swedish market, approximately the same number of competitors indicated that this would be very easy, easy or medium.⁹⁸³ The results of the market investigation are thus inconclusive in this regard.
- (901) Nevertheless, several competitors of the Parties have indicated that, in case of an increase in the demand for taleggio, they have the capacity to increase exports or start exporting taleggio.⁹⁸⁴ This includes a competitor already supplying taleggio in Sweden.⁹⁸⁵
- (902) *Fifth*, a majority of customers that expressed an opinion are of the view that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheeses in Sweden.⁹⁸⁶ Similarly, a majority of responding competitors found that the concentration’s impact in this regard would be neutral.⁹⁸⁷
- (903) *Sixth*, significant suppliers active in the sale of taleggio in Sweden, namely TINE SA, Zanetti and Granarolo, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca customers.⁹⁸⁸ Hence, post-merger, it appears as if the Parties, with regard to the supply of taleggio to Ho.Re.Ca customers in Sweden, would face competitive constraint also from companies supplying taleggio to the modern retail channel in Sweden.
- (904) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of PDO taleggio to the OOH channel in Sweden.

6.3.16.7. Gorgonzola

- (905) The Parties’ combined market share in the supply of PDO gorgonzola to the OOH channel in Sweden is [20-30]%, with an increment of [5-10]%. The Notifying Party has not attributed the remaining [70-80]% of the market shares to any specific other competitors.

⁹⁸¹ Questionnaire to customers, question H.K.B.7.

⁹⁸² Questionnaire to customers, question H.K.D.1.

⁹⁸³ Questionnaire to customers, question H.K.D.1, questionnaire to competitors, question H.K.D.1.

⁹⁸⁴ Questionnaire to competitors, question H.M.9.

⁹⁸⁵ Questionnaire to competitors, question C.A.3.

⁹⁸⁶ Questionnaire to customers, question I.3.

⁹⁸⁷ Questionnaire to competitors, question I.3.

⁹⁸⁸ Questionnaire to competitors, questions D.D.5 and C.A.3.

Table 74: Market shares for PDO gorgonzola in the OOH channel in Sweden (2021)

Competitor	Sales, tonnes	Market share
Lactalis	[...]	[10-20]%
Ambrosi	[...]	[5-10]%
<i>Combined</i>	<i>[...]</i>	<i>[20-30]%</i>
Others	[...]	[70-80]%
Total sales	146	100%

Source: Parties' estimates.

- (906) The Notifying Party argues that the concentration does not raise any competitive concerns for the following reasons: (i) the combined market share is modest; (ii) the market dimension is small (only 145.7 tonnes in 2021); (iii) the Parties would continue to face competition from other suppliers of gorgonzola in Sweden, such as Martin & Servera, Wernersson, Uhrenholt A/S, Di Luca & Di Luca and Arla Foods; (iv) there is no closeness of competition; and (v) there is competitive pressure from suppliers of other similar Italian cheeses.⁹⁸⁹
- (907) The Commission finds the following:
- (908) *First*, the Parties' combined market share is below the [20-30]% indicative threshold under which concentrations are generally presumed not to be liable of impeding effective competition.⁹⁹⁰ A competitor has also stated that it “*does not consider [Ambrosi] as a strong competitor in Gorgonzola*”⁹⁹¹ and that it “*does not have any concerns in relation to the Gorgonzola market because Ambrosi sells Gorgonzola only in limited quantities and is not popular enough to create imbalances on the Gorgonzola market post-transaction.*”⁹⁹²
- (909) *Second*, the Parties will continue to face competition from other suppliers of gorgonzola in Sweden, such as Igor, Zanetti and Tine.⁹⁹³
- (910) *Third*, there is potential for new suppliers of gorgonzola to come into the market in Sweden.
- (a) With 145.7 tonnes of gorgonzola sold in Sweden overall in 2021, the size of the market is relatively small. Thus, even suppliers of gorgonzola with lower output volumes could satisfy the needs of gorgonzola in Sweden. This also means that the the Parties' market positioning is not entrenched, as limited sales would allow competitors to capture large portions of the market and since the switch of an important customer could reshuffle market shares.
- (b) Ambrosi does not manufacture its own gorgonzola and does not have its own distribution infrastructure in Sweden but relies on third-party distributors.⁹⁹⁴ This shows that it is possible to enter and expand in the supply of gorgonzola

⁹⁸⁹ Form CO, paragraph 758.

⁹⁹⁰ Horizontal Merger Guidelines, paragraph 18.

⁹⁹¹ Minutes of a call with a competitor on 13 January 2023, paragraph 6.

⁹⁹² Minutes from a call with a competitor on 13 January 2023, paragraph 22.

⁹⁹³ Questionnaire to competitors, question C.A.3.

⁹⁹⁴ Form CO, paragraph 54; Response to PN RFI 4, paragraph 11.6.

in Sweden without having specific distribution capabilities in Sweden and without having specific production capabilities for gorgonzola.

- (c) Several competitors of the Parties have indicated that, in case of an increase of the demand for gorgonzola, they have the capacity to increase exports or start exporting gorgonzola to the whole EEA.⁹⁹⁵ This includes competitors already supplying gorgonzola in Sweden.⁹⁹⁶
- (911) *Fourth*, from a logistical point of view, switching suppliers of gorgonzola appears to be relatively easy since these products are all produced in a certain area in Italy and, therefore, the Italian premises of all cheese producers are located close to each other. This means that, in terms of logistics, transportation could easily be arranged from different competitors' production sites in the same area without significant effort or costs. A competitor explained that it *"normally uses distributors to sell its Gorgonzola abroad and either the distributor or the retailer puts together in one truck the products from different Italian suppliers to reduce their logistics costs."*⁹⁹⁷
- (912) *Fifth*, a majority of customers that expressed an opinion are of the view that the concentration would have a neutral or positive impact on the level of competition in the wholesale distribution of Italian cheeses in Sweden.⁹⁹⁸ Similarly, a majority of responding competitors found that the concentration's impact in this regard would be neutral.⁹⁹⁹ One gorgonzola competitor stated that *"the concentration does not raise any concerns and may be even positive for the Italian cheese industry."*¹⁰⁰⁰
- (913) *Sixth*, significant suppliers active in the sale of gorgonzola in Sweden, namely TINE SA, Igor, Zanetti and Granarolo, have indicated that it would be possible and easy for a supplier already selling cheeses to supermarkets to start selling to the Ho.Re.Ca channel.¹⁰⁰¹ Hence, post-merger, it appears as if the Parties, with regard to the supply of gorgonzola to Ho.Re.Ca customers in Sweden, would face competitive constraint also from companies supplying gorgonzola to the modern retail channel in Sweden.
- (914) In conclusion, in light of the above, the Commission finds that the concentration does not raise serious doubts as to its compatibility with the internal market with regard to the plausible market for the supply of gorgonzola to the OOH channel in Sweden.

6.4. Conglomerate effects

- (915) During the market investigation, some retail customers and competitors voiced concerns that Lactalis could use its broad product portfolio (which includes a wide range of cheese types and important cheese brands) as anticompetitive leverage

⁹⁹⁵ Questionnaire to competitors, question H.M.9.

⁹⁹⁶ Questionnaire to competitors, question C.A.3.

⁹⁹⁷ Minutes of a call with a competitor on 13 January 2023, paragraph 26.

⁹⁹⁸ Questionnaire to customers, question I.3.

⁹⁹⁹ Questionnaire to competitors, question I.3.

¹⁰⁰⁰ Minutes of a call with a competitor on 13 January 2023, paragraph 24.

¹⁰⁰¹ Questionnaire to suppliers and competitors, questions D.D.5 and C.A.3.

when negotiating terms and conditions with supermarkets and other retailers, and in order to foreclose rival suppliers of cheese with a narrower cheese portfolio.¹⁰⁰²

- (916) The Commission has considered whether, as a result of the concentration, the Parties may have the ability and incentive to engage in anticompetitive bundling or tying in order to foreclose rivals and/or to use its wide product portfolio as leverage to increase prices to its retail customers. The Commission found that the concentration would not add any additional important cheese types (or other products) to Lactalis' portfolio, as the vast majority of products offered by Ambrosi are already offered by Lactalis pre-concentration.¹⁰⁰³ In addition, as outlined in Section 6.3, the Commission has concluded that the concentration does not result in any significant impediment of effective competition on the horizontally overlapping markets.
- (917) Given that the concentration does not significantly increase Lactalis' portfolio of cheeses and given that the concentration does not lead to a substantial increase in market power in any of the horizontally overlapping markets in which Lactalis is already active in before the concentration, the concentration does not significantly change Lactalis' ability or incentives to bundle or tie its products and brands in order to foreclose rivals and/or to use its wide product portfolio as leverage to increase prices to its retail and OOH customers.
- (918) Therefore, the Commission finds that the specific effects of the present concentration are not such as to raise serious doubts in relation to potential conglomerate effects.

7. CONCLUSION

- (919) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President

¹⁰⁰² Questionnaire to customers, question I.2, questionnaire to competitors, question I.2.

¹⁰⁰³ There are some minor exceptions to this, such as buffalo camembert which is re-sold by Ambrosi but not currently offered by Lactalis. See also: Form CO, paragraphs 1331-1344.