



ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

Decision CPC: 27/2018

Case Number: 8.13.018.12

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

**Notification of the acquisition of control of certain assets and liabilities of
Starbucks Corporation by Nestlé S.A.**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr. Panayiotis Oustas,	Member
Mr Polinikis-Panagiotis Charalambides	Member

Date of decision: 13 July 2018

SUMMARY OF THE DECISION

On the 14th of June 2018, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Nestlé S.A (hereinafter the «Nestlé») a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns the acquisition by Nestlé S.A. of certain assets and liabilities of Starbucks Corporation (hereinafter the «Target»).

Nestlé is registered in accordance with the provisions of the laws of Switzerland. Nestlé is mainly active in the production, trade and sale of a great variety of food and beverages including dairy products, coffee, bottled water, cereals, culinary, chilled and frozen food, dry pasta, ice cream, chocolate beverages and tea, snacks and pet care products. Nestlé is also active in the health care nutrition products and skin care products.

Starbucks is registered in the U.S.A.. and it is a specialty coffee company with a global network of more than 28000 coffee shops that offer a variety of blends of coffee or handcrafted beverages, food items and other merchandise. Additionally from its coffee shop network in the U.S.A and elsewhere, Starbucks trades, sales and distributes coffee products and merchandises products related to coffee to be consumed by the consumer packaged goods networks and food service networks.

The target in this concentration comprises of the rights for the marketing, distribution and sale worldwide, and under certain conditions, of certain products under the brand name of Starbucks, Starbucks Reserve, Teavana, Seattle's Best Coffee, Starbucks VIA and Torrefazione Italia brands, through networks of packaged consumer products and consumer products food service. The target does not include Starbucks stores and Starbucks products ready-to-drink products.

The transaction is based on the «Transaction Agreement» between Starbucks and Nestlé dated 6/5/2018. Under the agreement, Nestlé intends to acquire from Starbucks Corporation all assets currently used exclusively or held exclusively for the marketing, sale and distribution of roasted and ground coffee, instant coffee, single serve coffee products, tea and certain other products (hereinafter referred to as the "Aim Products") under the name of Licensed products, through the network concerning sales to consumers (hereinafter referred to as the "Retail/CPG IH") and via the network concerning sales to business (hereinafter the ' OOH), worldwide.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6(1)(a)(ii) of the Law, since it leads to a permanent change of control of the Target.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(α) of the Law were satisfied and therefore the notified transaction was of major importance under the Law.

The Commission, for the purposes of evaluating this concentration, defined the relevant product/service market as the market for the trade and distribution of the out-of-home («OOH») coffee. For the purposes of the present case, the geographic market was defined as that of the Republic of Cyprus.

According with the undertaking concerned, this concentration leads to a horizontal overlap, but the combined market share of the acquirer and the Target is below 15%.

Considering the above, the Commission concludes that there is no affected market based on Annex I of the Law. In addition, there are no vertical relationships or other markets which the notified concentration may have significant impact.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

LOUKIA CHRISTODOULOU

Chairperson of the
Commission for the Protection of Competition