



Decision CPC: 79/2021

Case Number: 08.05.001.021.067

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW**

**No. 83(I)/2014**

**Notification of concentration concerning the acquisition of the activities of the supermarket and the cafeteria Costas that belongs to the company Costas I. Kyriakou & Sons Limited by X.A. Papaellinas Emporiki Ltd**

Commission for the Protection of Competition:

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

Date of decision: 6 December 2021

**SUMMARY OF DECISION**

On the 17<sup>th</sup> of November 2021 the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of X.A. Papaellinas Emporiki Ltd, (hereinafter the «Papaellinas» or «Acquired Company») 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”).

This notification concerns a concentration, according to which Papaellinas intends to undertake the activity of the supermarket and the cafeteria Costas, which belongs to the

company Costas I. Kyriakou & Sons Limited (hereinafter" KIK "), and is located in Trimiklini, by renting the cafeteria and the supermarket.

Companies participating at this merger are the following:

1. X.A. Papaellinas Emporiki Ltd, is a company duly registered according to the laws of the Republic of Cyprus, which, is active in in the retail sale of food products and non-food household items with the operation of supermarkets under the name Alfamega Supermarkets all over the island. In addition, X.A. Papaellinas Emporiki Ltd is active in the operation of coffee restaurants in areas that are together to or located near the supermarkets.
2. The Target on this concentration is the supermarket and the Costa Café Restaurant, that belongs to KIK. Kostas supermarket is located in Trimiklini and is active in the retail sale of food products and non-food household items, aiming to meet the recurring needs of households. In addition, part of the goal is the cafe-restaurant located in an area close to the supermarket.

The notified concentration takes place on the basis of the Rental Agreement dated 12/11/2021 (hereinafter the "Agreement") and the Product Purchase Agreement dated 12/11/2021 (hereinafter "PPA") between KIK and Papaellinas.

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 Company.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance falling within the scope of the Law.

The relevant products/services and geographic market in this case were defined as (a) the retail sale of food and household goods by supermarkets and (b) the operation of coffeeshops/restaurants in the territory of the Republic of Cyprus.

In regards to the relevant market of the operation of coffeeshops/restaurants, the combined market share will amount to [0-5] % of the total market, which is considered negligible.

In relation to the relevant market of the retail sale of food and household goods by supermarkets, the combined market will amount to [10-20] %. Therefore, the Commission found that an affected market emerges on the basis of the definition in Annex I of the Law, since the combined share of the parties exceeds 15%.

The Commission concluded that due to the low barriers of entry, high competition in the supermarket retail market and the small market share added to the acquiring company's share after the completion of the transaction, it seems that the transaction will not create any concerns that might affect the competition in the relevant market. The proposed act may not lead to any unilateral effects or in any other way to a substantial restriction of competition on the basis of the above.

None of the parties operates in an upstream or downstream market. Therefore, the proposed transaction does not lead to a vertical relationship in Cyprus. In addition, there are no other markets in which the notified concentration may have a significant effect.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position 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