

Brussels, 23 June 1999

Commission approves joint venture between Yoplait and Valio for dairy products in Finland and Sweden

The European Commission has approved the creation of two joint venture companies for fresh dairy products in Finland and Sweden between the French dairy co-operative Sodial (through its subsidiaries Yoplait SA and Sodima International SA) and the Finnish dairy co-operative Valio. Following serious doubts expressed by the Commission as to the compatibility of the joint ventures with European Union (EU) competition rules, the parties have decided to make important structural changes to the Finnish joint venture which will address the Commission's concerns.

The two joint venture companies are Yoplait Valio Nord OY, which will be based in Finland, and Yoplait Valio Nord AB, which will be based in Sweden. Both will distribute and sell fresh dairy products (principally yoghurt, fromage frais and desserts) under the Yoplait brand name in Finland, Sweden, the Baltic countries and certain western parts of Russia.

Valio is the major operator in Finland for fresh dairy products and Yoplait is an important international dairy company. Originally, the two companies were supposed to each have a 50 % shareholding in the joint ventures. The Commission, however, informed the parties that, on the Finnish market, the co-operation raised serious doubts as to its compatibility with EU competition rules, since Yoplait would effectively have been eliminated as an independent competitive force. Through the 50/50 nature of the Finnish joint venture, Valio would have been in a position to have a decisive influence over the joint venture's business policies and marketing strategies.

The parties have now agreed to important changes with regard to the structure of the Finnish joint venture. In particular, the joint venture is to be owned as to 51% by Yoplait and to 49% by Valio and the shareholders' agreement will be amended to reflect the new structural balance. Moreover, different general managers will be employed by the Finnish and the Swedish companies respectively. Following these changes, the Commission believes that the joint venture could become a competitive force on the Finnish market and serve as the vehicle for the introduction of new products.

The Swedish joint venture requires no structural amendments. The former licensee of Yoplait products in Sweden was Arla, which is the leading Swedish dairy co-operative. Valio, on the other hand, is a relatively small player on the Swedish market. Therefore, the Commission regards the current arrangements to be pro-competitive.

Due to the above-mentioned changes relating to Finland the Commission now considers that the agreements are compatible with the competition rules. The parties have been informed of the Commission's position by means of a comfort letter.