



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2014/04/168)

03.06.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- (i) Cargill International Luxembourg 2 S.À R.L; and**
- (ii) Copersucar S.A.**

Order under Section 31(1) of the Competition Act, 2002

1. On 28th April 2014, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”), given by Cargill International Luxembourg 2 S.À.R.L (hereinafter referred to as “**Cargill Luxembourg**”) and Copersucar S.A. (hereinafter referred to as “**Copersucar**”) (hereinafter both “**Cargill Luxembourg**” and “**Copersucar**” are collectively referred to as “**Parties**”). The notice was given pursuant to the execution of a Master Transaction Agreement between Cargill Luxembourg and Copersucar on 27th March 2014 (“**MTA**”).
2. Cargill Luxembourg, a holding and investment company, is a wholly owned subsidiary of Cargill, Inc. (“**Cargill**”). Cargill is engaged in the business of providing food, agriculture, financial and industrial products and services on a global basis. In India, Cargill is present in the sugar trading business through its subsidiary, Cargill India Private Limited (“**Cargill India**”). Cargill India is *inter-alia* engaged in the processing, refining and marketing edible oils, offering food ingredients to food manufacturers and food service industry, provides management and financial solutions, etc. In respect of sugar business, Cargill India is primarily involved in the activities such as sugar trading, execution of sugar trades, analysis of the sugar cane production and monitoring the credit risk of the sector. As, Cargill India is not engaged in the production of sugar in India, the database containing its customer/ supplier information and customer contracts are the main assets of its sugar division which will be transferred to the joint venture company.
3. Copersucar, a Brazilian company engaged in the trading of sugar and ethanol worldwide, also operates logistic assets related to sugar and ethanol. It has been stated in the notice



COMPETITION COMMISSION OF INDIA



Fair Competition
For Greater Good

that it has 47 partner mills and approximately 50 non-partner mills in an integrated, large scale logistics, transportation, storage and commercialization system managed directly by the company to serve the domestic and global markets. Presently, Copersucar does not have any assets or generates any turnover in India.

4. The proposed combination involves a 50:50 joint venture arrangement entered into between Cargill Luxembourg and Copersucar in respect of their sugar trading business. As per the information provided in the notice, a joint venture company (hereinafter referred to as “**JV Company**”) will be incorporated by the Parties in the Basque Country, Spain. The JV Company will be active in the trading of raw, low quality white and refined sugar, and related activities worldwide, except in certain carved out jurisdictions. The MTA also provides for the establishment of another jointly controlled entity in Brazil, which will act as an agent of the JV Company to mediate the purchase of Brazilian sugar by the JV Company. Further, the intended joint venture does not involve any ethanol activities, or acquisition of assets used in sugar production or port terminals.
5. The proposed combination falls under Section 5 of the Act.
6. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letter dated 5th May 2014, the Parties was required to remove certain defects and provide information/document (s) by 13th May 2014. The Parties filed their response on 12th May 2014. However, as the response was not complete, vide letter dated 13th May 2014, the Parties were required to provide complete information by 20th May 2014. The Parties filed their response on 16th May 2014.
7. The proposed combination relates to the sugar trading business. It is observed that both Cargill group and Copersucar group are currently engaged in the trading of sugar business at worldwide level, however, Copersucar has no business operations in India. Further, in respect of sugar business in India, Cargill India is engaged only in sugar trading and not in sugar production. Also, there is no other Cargill group entity, which is engaged at different levels of sugar production chain and/or trading of sugar in India. Therefore, presently, there is neither any horizontal overlap nor vertical relationship between the business activities of Cargill group and Copersucar group in India.



COMPETITION COMMISSION OF INDIA



Fair Competition
For Greater Good

Moreover, the market share of Cargill group in sugar trading business in India is minimal.

8. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the combination after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
9. This approval is without prejudice to any other legal/statutory obligations as applicable.
10. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
11. The Secretary is directed to communicate to the Parties accordingly.

(Ashok Chawla)
Chairperson

(Anurag Goel)
Member

(S.L. Bunker)
Member

(Sudhir Mital)
Member