

Anticipated acquisition by Anheuser-Busch InBev NV/SA of Grupo Modelo SAB de CV

ME/5582/12

The OFT's decision on reference under section 33(1) given on 14 November 2012. Full text of decision published 29 November 2012.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. **Anheuser-Busch InBev NV/SA (ABI)** is a global drinks manufacturer headquartered in Belgium. ABI produces and distributes a number of beers and other drinks in 23 countries and sells beer in over 100 countries. In the United Kingdom (UK), ABI's brands include Budweiser, Stella Artois and Becks. ABI was created in 2008 as a result of the merger between the InBev NV/SA (InBev) and Anheuser-Busch Companies, Inc (Anheuser-Busch).¹
2. **Grupo Modelo S.A.B de C.V. (Modelo)** is a Mexican brewer that exports its beers to over 180 countries primarily through agreements with local importers/distributors. In the UK almost all of Modelo's sales are made under the Corona brand² and exclusively distributed by Molson Coors, another brewer.³ Modelo's business is run entirely through its operating

¹ Anticipated acquisition by InBev NV/SA of Anheuser-Busch Companies Inc, OFT decision dated 18 November 2008.

² Modelo's other brands are Pacifico Clara, Negro Modelo and Modelo Especial, each of which has negligible sales in the UK. Consequently, the OFT's analysis concentrates on the competition effects arising from the acquisition of the Corona brand in particular.

³ The parties stated that they will abide by the terms of this distribution agreement post-transaction. However, the OFT does not rely on the continuation of the agreement as part of its

subsidiary, Diblo S.A. de C.V. (Diblo). Modelo does not have a UK subsidiary and operates in Europe through its Spanish entity, Gmodelo Europa, S.A.U. In the last financial year to 31 December 2011, Modelo generated turnover of £[] million from sales of its products in the UK.

TRANSACTION

3. ABI currently has a 35.29 per cent equity interest in Modelo, giving it 43.9 per cent of the voting rights, and the right to appoint nine out of 19 board positions. ABI also has a direct equity interest in Diblo of 23.25 per cent, giving ABI a total (direct and indirect) economic interest in Diblo of over 50 per cent, although not a majority of the voting rights in Diblo. The remaining shares in Diblo (76.75 per cent) are currently owned by Modelo.
4. On 28 June 2012, ABI, Modelo and certain of their affiliates entered into a two-step Transaction Agreement upon completion of which, ABI will hold up to 100 per cent of Modelo's voting shares.
5. ABI notified the merger to the OFT on 10 August 2012, and following receipt of a satisfactory submission the extended administrative deadline for a decision is 14 November 2012. The transaction was also notified in Mexico, the United States, [], Canada and [].

JURISDICTION

Discretion to Investigate

6. The parties consider that the OFT should not carry out a first phase investigation in this matter since it reviewed certain factors in its InBev/AB decision⁴ and, since that decision, the conditions of competition have not changed.
7. The OFT notes that, in InBev/AB, the OFT did not need to reach a conclusion as to the level of control, if any, that Anheuser-Busch had over Modelo. It also did not consider the overlaps between Anheuser-Busch and

competitive assessment; rather it looks at the transaction taking account of the possibility that the parties, or another third party, will distribute Corona post-transaction.

⁴ Supra.

Modelo (and the loss of competition between them), but rather the loss of competition between a combined Anheuser-Busch/Modelo and InBev. In InBev/AB, the OFT treated *Corona* as part of Anheuser-Busch in order to test the loss of competition with InBev and without any market testing under which third parties were asked to consider a loss of competition between the Anheuser-Busch and Modelo brands.

8. The OFT has not therefore considered the effects of the current transaction in the past and consequently does not accept the parties' submission that it is appropriate for it not to review it now.
9. The OFT considers that it is appropriate for it to exert jurisdiction in this case under section 26(4)⁵ given that: first, the OFT did not in fact previously conclude on the level of control held by Anheuser-Busch in Modelo, and second, contrary to the parties' submissions, the OFT has found that the competitive landscape has sufficiently changed for a review on the merits of the present transaction to be warranted.
10. Consequently, the OFT considers that it is appropriate for it to exercise its discretion to exert jurisdiction and review this transaction.

Share of Supply

11. As a result of the transaction, ABI and Modelo will cease to be distinct given that ABI will acquire a controlling interest in Modelo. As the turnover of Modelo for the last financial year was below the turnover threshold of £70 million, the turnover test as per section 23(1)(b) of the Act is not met.
12. The parties overlap in the on-trade supply of premium bottled lager in the UK, where their combined share of supply in Great Britain alone would be approximately [40-50] per cent post-transaction with an increment of approximately [10-20] per cent.
13. The OFT considers that the on-trade supply of premium bottled lager in Great Britain is a reasonable description of a supply of goods, and as the parties' combined share of supply post-transaction would exceed 25 per cent, section 23 of the Act is satisfied.

⁵ The OFT notes that it recently considered the exercise (or otherwise) of its discretion in section 26(4) of the Act in its decision relating to the completed acquisition by Travis Perkins plc of a controlling interest in Toolstation Limited, dated 29 March 2012.

14. The OFT therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

MARKET DEFINITION

Product scope

15. The purpose of market definition is to provide a framework for the OFT's analysis of the competitive effects of a transaction. The Merger Assessment Guidelines⁶ note that market definition is a useful tool but not an end in itself, and that the assessment of the relevant market requires an element of judgement. Where the OFT uses and relies on market share and concentration thresholds, it will do so with regard to the narrowest applicable relevant market definition.⁷
16. The parties submit that the product scope is at least as wide as to include all types of beer. They refer to previous decisions of the Competition Commission (CC)⁸ and European Commission (Commission)⁹ in support of this contention.
17. Views from third parties were mixed. Some suggested that *Corona* competes in the premium bottled lager segment, some considered that it should be narrower (to encompass 'world' or 'sunshine' beer) and others suggested that it could be wider (for example, all premium lager).

⁶ Merger Assessment Guidelines, joint publication of the OFT and Competition Commission, OFT 1254, dated September 2010.

⁷ *Supra*, paragraph 5.3.5.

⁸ A report on the acquisition by Interbrew SA of the brewing interests of Bass plc by the Competition Commission dated 3 January 2001

⁹ Case M.4952, *Proposed acquisition of Scottish & Newcastle assets by Carlsberg* dated 7 March 2008 and Case M.3182, *Proposed acquisition of UK cider producer HP Bulmer Holdings plc by Scottish & Newcastle plc* dated 30 June 2003.

18. Third party competitors stated that a brand's strength varies by distribution channel and that promotion may differ by channel. However, no issues were raised with regard to any particular distribution channel apart from the on-trade, where Corona may be considered stronger.
19. The OFT has found in previous decisions¹⁰ that the market for the supply of lager is separate from that of other types of beers, with different segments for premium and standard lagers. The OFT also found that this market can be further segmented as follows: whether the supply is to pubs, bars and restaurants on the one hand (the on-trade) and supermarkets and off-licences on the other (the off-trade).
20. The OFT notes that bottled products are stronger in some retail formats such as bars and restaurants, and there is little evidence that consumers would leave an on-trade establishment to consume beer off-trade in response to a SSNIP in a particular drinks category (although the recession, smoking ban, and a general rise of on-trade prices has led some volumes to shift to off-trade particularly for standard products). This was supported by third party comments.
21. Modelo's brands are sold in bottled format in the UK, they are not sold in draught or cans. In its InBev/AB decision, the OFT considered the market for premium bottled lager (PBL).¹¹ As such, PBL is a useful frame of reference for an assessment of this transaction. However, as noted in InBev/AB, draught and canned lagers are likely to form some constraint on bottled lagers and may therefore need to be taken into account in the competitive assessment.¹²

¹⁰ *Anticipated acquisition by Heineken N.V. of Emprex Cerveza, S.A.de C.V*, OFT decision dated 30 March 2010, *anticipated acquisition by InBev NV/SA of Anheuser-Busch Companies Inc*, OFT decision dated 18 November 2008, and *completed acquisition by C&C Group plc of the Tennent's business from Anheuser-Bush InBev NV/SA Group*, OFT decision dated 30 November 2009.

¹¹ Premium relates to an alcohol by volume (ABV) of 4.8 per cent or more but is also often related to upmarket marketing.

¹² *Supra*, paragraph 34. The InBev/AB decision also noted *Corona* as being a premium lager brand, *supra* paragraph 56-58.

22. The OFT considers that the narrowest relevant product scope appropriate for an assessment of this case is the supply of PBL to each of the off-trade and on-trade channels. The OFT has not concluded that it is appropriate to define a product scope to include only 'sunshine' or 'world' lager but has considered these segments as part of its competitive assessment on a cautious basis in light of third party comments.

Geographic scope

23. The parties suggested that the geographic market should be national in scope and refer to previous decisions of the Commission and CC in support of their submission.¹³
24. Third party responses broadly supported the view that Northern Ireland should be considered separately from Great Britain and that it was not appropriate to treat Scotland separately (since consumers in Scotland may have a particular taste in standard lagers with particular local brands but not necessarily in premium lager, and many off trade and on-trade retailers operate throughout Great Britain).
25. The OFT has previously considered Great Britain and Northern Ireland separately as the narrowest frames of reference. As no evidence has been received to suggest that this is not an appropriate geographic scope, for the purposes of its assessment of this case, the OFT considers Northern Ireland separately from Great Britain.

Conclusion on the relevant frame of reference

26. The OFT has not received any evidence to suggest a departure from the cautious product and geographic market definitions used in its previous cases. Given the narrow overlap between the parties' products, the OFT considers it appropriate to examine the competition effects of the transaction on the basis of the supply of PBL to each of the off-trade and on-trade channels in Great Britain and Northern Ireland respectively. The OFT has not considered it necessary to segment PBL even further for 'sunshine' beers but has considered this in relation to the competitive assessment below.

¹³ Supra.

HORIZONTAL ISSUES

27. The OFT has considered whether the transaction would give rise to unilateral effects in the supply of beer, specifically PBL since ABI and Modelo overlap in the supply of PBL brands in the UK. They do not overlap in the UK in the manufacture (brewing) of beer.
28. ABI distributes beer through its in-house distribution arm and through C&C in Scotland and Northern Ireland, while Modelo operates in Great Britain and Northern Ireland through an exclusive distribution agreement with Molson Coors.
29. Table 1 below gives the parties' shares of supply for premium lager in Great Britain.¹⁴

Table 1 – The parties' GB shares of supply for premium lager

Segment (by value)	Post-merger share (per cent)	Increment (per cent)
Premium lager	[40-50]	[0-5]
Premium lager (off-trade)	[50-60]	[0-5]
Premium bottled lager (off-trade)	[40-50]	[0-5]
Premium lager (on-trade)	[30-40]	[0-10]
Premium bottled lager (on-trade)	[40-50]	[10-20]

Source: Parties, CGA & AC Nielsen to April 2012

Off-trade premium lager segment in Great Britain

30. In the off-trade premium lager segment in Great Britain, the parties' combined market shares would be [50-60] per cent with an increment of [0-five] per cent and [40-50] per cent for bottled premium lager with an increment of [0-five] per cent.
31. The parties stated that prima facie concerns do not arise as ABI's share has stayed relatively stable over the past four years and that the increment

¹⁴ See below in relation to Northern Ireland.

from the Modelo brands is too small to raise any realistic concerns. The parties also referred to the OFT's comments in its InBev/AB decision where an increment of between two to three per cent was not considered on its own to give rise to concerns.

32. The parties also submitted that there is significant countervailing buyer power in the off-trade from supermarket chains. They also noted that consumer decisions in the off-trade are largely driven by promotions/store discounts, highlighting that a substantial volume of ABI's brands are sold on promotion.
33. The OFT notes that ABI and Corona sales have been fairly constant in the off-trade segment since 2008, while those of Peroni, SABMiller plc's brand, has grown and Molson Coors' own brands have fallen.¹⁵ Supermarket and wholesaler customers in their responses to the OFT's market enquiries identified a wide range of alternative supply options and brands, including beers from sunny climates (sunshine beers) and those from the wider set of imported beers.
34. In the InBev/AB case, an increment from Corona, similar to that noted in this case, was considered non-problematic partly due to Stella Artois, which accounted for a large proportion of the merged firm's share and faced significant competition from standard lagers. The OFT notes that while the Stella Artois brand appears to have increased its perception as a premium brand since 2008, [] it has not increased its market share and is not noted as a close competitor to Corona. Also, customers have not indicated that Stella Artois has become more important to them.
35. In light of the small increment in market share, the growth of Peroni as opposed to the ABI brands, and the lack of customer concerns, the OFT considers that the transaction will not give rise to substantial lessening of competition in the off-trade premium lager segment in Great Britain, including in off-trade premium bottled lager.

¹⁵ Grolsch, Cobra, and Coors Light.

On-trade premium lager segment in Great Britain

36. For the on-trade segment, the parties provided data to show that since 2008, sales of Staropramen,¹⁶ⁱⁱ Coors,¹⁷ Heineken, San Miguel,¹⁸ and Peroni have grown while sales of the brands Kronenbourg 1664,¹⁹ *Budweiser*, and Stella Artois have fallen. The parties' combined share of supply of on-trade premium lager is noted at [30-40] per cent with an increment of approximately [0-10] per cent.
37. The parties stated that no prima facie competition concerns arise in the on-trade premium lager segment as ABI's shares have fallen by about [20-30] per cent in the last four years to about [30-40] per cent and again that the increment attributable to the transaction is not significant. Furthermore, they stated that the combined shares of supply are lower than those considered by the OFT in its 2008 InBev/AB decision, which it cleared.
38. The parties stated that the fall in ABI's share is largely due to a fall in *Budweiser* shares as a result of two factors. The first is the sale of the Scottish & Newcastle business to Heineken and Carlsberg in 2008, as previously [].²⁰ Second, the Peroni brand has grown, eroding Budweiser's market share.
39. ABI claims [] wholesalers have switched away from ABI brands in the last six months and the OFT notes that none of those contacted by the OFT raised concerns.
40. The OFT notes that since 2008, ABI's share of on-trade premium lager has fallen from around [50-60] per cent to [30-40] per cent, while Corona's has almost doubled to [0-10] per cent. Peroni has grown to [10-20] per cent (from [0-five] per cent), and Carlsberg brands, mostly San Miguel, have

¹⁶ A premium Czech lager under the Carlsberg brand.

¹⁷ Molson Coors brand.

¹⁸ Carlsberg brand.

¹⁹ Heineken brand.

²⁰ ABI considers that the fall in its share of on-trade premium lager is a result of []

grown by four per cent to [10-20] per cent. In addition, bottled lager has increased its proportion of the overall premium lager segment.

41. In light of the above, the OFT considers that the transaction will not give rise to competition concerns in on-trade premium lager in Great Britain. However the OFT has proceeded to examine separately competition in on-trade PBL.

On-trade premium bottled lager segment

42. In the on-trade PBL segment, ABI's share has fallen from [50-60] per cent in 2008 to approximately [30-40] per cent, while Modelo's share has remained constant at [10-20] per cent.
43. The parties attribute the fall in market share to the fall in sales of Budweiser, as noted above, and the fact that sales of Peroni have grown from [0-10] per cent in 2008 to [10-20] per cent in 2012. Also, that the brand Sol, also a Mexican beer, has increased its market share since 2008, becoming one of the top ten brands in this segment.
44. The parties submitted that Corona competes more closely with 'international brands'²¹ such as Sol, San Miguel and Peroni, as supported by their internal documents, than with Budweiser and Stella Artois. The parties also stated that new entrants that compete specifically against Corona are Desperados (distributed by Heineken), Carlsberg's San Miguel Fresca and Molson Coor's Carling Zest. The parties highlighted that Bud 66, an ABI brand, attempted to position itself closer to [] and Corona, but had not been successful in this regard.
45. The vast majority of third party responses received by the OFT consider that Corona does not compete closely with the ABI PBL brands, competing primarily with other 'sunshine' beers such as Sol, Desperado and Peroni. Two third parties expressed concern that Corona would be within the portfolio of brands held by ABI post-transaction. One did not wish to provide any further comment but the other stated that whilst it considered Corona to compete with Budweiser and ABI's brand Brahma, it considered Sol to be Corona's closest competitor. It also stated that San Miguel and

²¹ The parties take this term from the OFT's decision in Heineken/FEMSA at paragraph 33.

Budweiser could be considered alternatives but were different in style and not direct replacements for Corona.

46. The parties stated that they will abide by the terms of the Molson Coors distribution agreement post-transaction. However, the OFT has not sought to rely on this statement and has considered the competitive impact of the transaction on the basis of the possibility that the parties may distribute Corona post-transaction and that it may be marketed taking account of any effect on the ABI brands.
47. Molson Coors did not express any concerns about the effect of the merger [].
48. Molson Coors indicated that the brands that compete more closely with Corona include Amigos²² and Sol. The OFT notes that the distribution agreement lists a number of restricted brands that Molson Coors is not permitted to distribute, which include ABI's brands Beck's Gold, Brahma and Bud Light Lime. However, the OFT notes that no third parties mentioned either Becks Gold or Bud Light Lime as a being an alternative to Corona. Brahma was considered an alternative but was not noted as a close competitor by the majority of customers.
49. The parties' internal documents are mixed on the success of ABI's Bud 66 brand []. Notwithstanding this, no third party specifically pointed to this brand (as compared to Budweiser in general) despite its inclusion in the questions posed. Third parties referred to Fresca and Sol as being closer competitors to Corona than Bud 66.
50. Internal documents support customer views that Stella and Budweiser do not view Corona as a threat with the latter mainly concerned about 'sunshine' and 'world' (imported) beers. The OFT notes that there is mention of some very narrow customer segments (such as []) where the parties would have high market shares. A thorough review of customers has found that there does not appear to be separate marketing or promotion for these potential segments and that the vast majority do not have any concerns regarding the transaction.

²² Owned by Global Brands.

51. The OFT considers that despite the growth in revenues earned by Corona in recent years it appears that it has become more differentiated from the ABI brands, as customers become more aware of the 'sunshine' branding and the market segment that has built up around strong growth in brands including Peroni, Sol, and San Miguel. In this regard, the OFT notes research conducted by Miller Brands and CGA in April 2011 which suggested that 'world' beer growth far outstrips that of any other segment.²³
52. In light of the above, the OFT considers that the transaction will not give rise to competition concerns in the on-trade premium bottled lager segment in Great Britain.

Northern Ireland

53. In Northern Ireland, ABI's brands are distributed by C&C under a [] year distribution agreement that ends in []. Diageo, which brews ABI's Budweiser under a licensing agreement in the Republic of Ireland, also sells draught Budweiser in Northern Ireland. Modelo's brands, as has been noted, are currently distributed by Molson Coors.
54. The parties submitted that reliable market share data was not available for Northern Ireland, and as both ABI and Modelo operated through third party distributors, it was difficult for the parties to provide estimates of their market shares. However, the parties submitted that market share figures used by the OFT in its 2010 C&C/Tennent's decision²⁴ had not changed substantially, and on that basis ABI products accounted for less than 15 per cent of all lager in Northern Ireland in either the off-trade or on-trade segments. The parties stated that Corona was unlikely to account for more than five per cent in either segment.
55. Third parties' comments broadly supported the parties' views on market shares, with Molson Coors estimating that Corona's sales in Northern Ireland were approximately [] per cent of its sales in the rest of Great Britain. While one customer considered that the merger would be harmful,

²³ www.sabmiller.com/index.asp?pageid=149&newsid=1906

²⁴ Supra.

two other similar customers disagreed. The concerned third party did not provide any further details to substantiate its concern.

56. The OFT notes from third parties that in Northern Ireland sales of other premium lager brands, such as Coors and Grolsch,²⁵ have been more successful compared to Corona than is the case in Great Britain, with sales of Coors greater than sales of Corona. The majority of third parties in Northern Ireland did not raise any particular concerns and Corona was not noted as a 'must stock' brand by those that responded.
57. Internal documents provided by the parties confirmed that in Northern Ireland [] has grown recently at the expense of Budweiser, which experienced a reduction in PBL sales volumes in 2011.
58. In light of the above, the OFT considers that the transaction will not give rise to competition concerns in the off-trade or on-trade segments for premium lager and premium bottled lager in Northern Ireland.

OTHER THEORIES OF HARM

59. The OFT has considered whether non-horizontal concerns could arise from the addition of the Corona brand to ABI's existing brands. In this respect, the OFT notes that the vast majority of third party customers that responded to the OFT's market enquiries considered Corona to be a 'must stock' brand. However, only one customer viewed this as a potential concern. All customers agreed that ABI had not in the past competed by bundling products or restricting access to other suppliers and the large majority did not consider this to be of potential concern post-merger.
60. The majority of customers considered that they would be able to continue to decide on the brands they stocked after the merger and would continue to support other 'sunshine' or 'lager' brands. There were no indications that ABI would be able to put pressure on any customers to reduce the distribution of rival brands such as to affect significantly the options available for competitors such as to raise concerns.
61. No customers raised any other issues or indicated that the merger would increase the likelihood of co-ordination. All customers were able to name

²⁵ Both Molson Coors' brands.

several non-ABI brands that were close competitors to Corona and did not view this merger as affecting transparency in the market. As the OFT found no evidence of likely coordination or lack of access to customers for rival suppliers in this market, it considers that the transaction will not give rise to non-horizontal competition concerns.

BARRIERS TO ENTRY AND EXPANSION

62. Traditionally, barriers to entry for a new branded lager can be quite high, requiring the brand to be developed and money spent on marketing before entry is possible. However, there does appear to be regular innovation, including by new 'sunshine' or 'world' beer variants such as San Miguel Fresca in 2012. Thus any barriers may not be insurmountable. However, the OFT has not had to conclude on the existence of barriers to entry or otherwise given the lack of concerns in the current case.

THIRD PARTY VIEWS

63. The OFT received 25 responses from third parties across off-trade and on-trade segments.

64. Customers were, in general, unconcerned by the transaction. This was mainly because Corona was considered to be in a different category to the other ABI beers, primarily competing more closely with other 'sunshine' beers such as Sol, Desperado, and Peroni. Third parties commented that as PBL was competitive, and ABI had not sought to bundle products in the past, Corona's importance in the market was not such as to raise concern as a result of the merger.

65. Views on whether Corona and the ABI brands were 'must have' items were mixed. While many third parties stated that Corona and some of ABI's brands were 'must haves' (Budweiser, Stella, and Becks), all of them could name several independent close competitors to Corona, with all considering Sol as the closest brand to Corona.

ASSESSMENT

66. ABI is a global beer and beverage company, which will, as a result of this transaction, obtain full control over Mexican brewer Grupo Modelo and its

UK distribution rights the Corona brand in particular. Its other brands have a very small presence and no third parties considered that these raised any issues. Corona is currently distributed in the UK by Molson Coors. The transaction qualifies as a relevant merger situation on the basis that the parties overlap in premium bottled lager in the UK and would have more than 25 per cent supply in Great Britain.

67. The OFT has, in line with previous decisional practice, considered this transaction on the basis of the supply of premium lager, to each of the off-trade and on-trade sectors, in Great Britain and Northern Ireland separately. Furthermore, given the specific overlap between the parties, the OFT has considered the narrower segment of the supply of PBL for each of the off-trade and on-trade, but with a focus on the on-trade channel in particular.
68. In the off-trade premium lager segment in Great Britain, the merger creates a combined share of [50-60] per cent with an increment of [0-five] per cent. However, there are many brands available in this channel, with four other major brewers, and ABI's Stella brand, competing more closely with standard lagers (where ABI is weak), than is the case for other premium lagers.
69. In view of the low increment, and lack of third party concerns, the OFT does not consider that the transaction gives rise to a realistic prospect of a substantial lessening of competition in the off-trade premium lager segment in Great Britain, including in the off-trade PBL.
70. In on-trade premium lager in Great Britain, the OFT considers that whilst the parties' combined market shares will be [30-40] per cent for all premium lager and approximately [40-50] per cent for PBL, the transaction does not give rise to a substantial lessening of competition under either product scope for the following reasons:
 - ABI's market shares have decreased over the past four years with Corona's sale remaining constant and growth experienced by brands such as Peroni and Sol.
 - There has been new entry into this area by the brands Desperados, San Miguel Fresca and Zest. There is mixed evidence on the entry of Bud 66, ABI's attempt to compete in the world (imported) beer segment. However, the OFT notes that the vast majority of third

parties did not mention Bud 66 as being a strong constraint on Corona.

- Third parties do not view ABI's Stella and Budweiser brands as a threat to Corona with the latter brand mainly competing in the 'sunshine beer' or 'world beer' segment with beers such as Peroni (number one), Sol (number six in PBL), and San Miguel (which launched a 'Fresca' variety in 2012).
- Molson Coors, the distributor for Modelo's brands in the UK did not express any concerns regarding the transaction [].
- Third parties in general were unconcerned by the transaction

71. The OFT notes that conditions of competition in Northern Ireland are different to those in the rest of Great Britain. While ABI has a strong position in premium lager, other brands are much stronger (for example; Coors, Miller Genuine Draft and Grolsch). The parties were unable to provide market shares but commented that they were likely to be similar to those quoted in the OFT's 2010 C&C/Tennent's decision. Internal documents and third parties supported this view. As such, the OFT considers that the transaction will not give rise to a realistic prospect of a substantial lessening of competition in Northern Ireland.
72. The OFT did not receive any evidence to suggest that the parties have in the past engaged in bundling of their products or sought to restrict access to rival suppliers, nor has the OFT received any evidence to suggest that co-ordination is more likely to occur post-transaction.
73. In light of the above assessment, the OFT does not believe that it is or may be the case that the merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.
74. This merger will therefore **not be referred** to the Competition Commission under section 33(1) of the Act.

ⁱ The parties noted that in the beer sector, lagers with an ABV of 4.2 per cent or more are traditionally considered 'premium'.

ⁱⁱ The parties stated that the *Staropramen* brand is now owned by Molson Coors and is distributed by Carlsberg in the UK.