

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: ROBERT WISEMAN DAIRIES/ SCOTTISH PRIDE MERGER INQUIRY
From: DIRECTOR OF PLANNING AND DEVELOPMENT		
Date: 8 October 1996	Ref: SC/LU/REP.080	

INTRODUCTION

The Monopolies and Mergers Commission (MMC) is holding an inquiry into the possible merger between the above two companies. The Council have been asked to submit any comments it may have to the MMC before the 14 October at the very latest. This report therefore sets out some of the issues surrounding the possible merger and the contents of a submission to the MMC.

BACKGROUND

In June Robert Wiseman Dairies made a preliminary approach to take over Scottish Pride, although as yet no formal offer has been made. Scottish Pride is Wiseman's main competitor in Scotland at present. This is due to Wiseman's expansionist strategy effectively acquiring some of its main rivals recently. Wiseman's have spent £30m acquiring MacKies, Kennerty's, Co-op Dairies and Hamiltons Dairies: and as a result now has a 44% share of the Scottish market. A combined Wiseman/Scottish Pride operation would control about 90% of the Scottish milk market. It is this level of control that has prompted the inquiry.

MERGER INQUIRY

The Council has been asked to submit any observations it has to the Inquiry. Due to the tight deadline for this the observations needed to be submitted to the Inquiry before they could be put before the Committee.

A copy of the observations submitted to the Inquiry is attached for information at Appendix 1.

RECOMMENDATION

That the Committee note the contents of this report and the action taken.

Stanley Cook
Director of Planning & Development

For further information contact Gordon Smith, Head of Economic Development and Planning.

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Your Ref.
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Date 7 October 1996

DEPARTMENT OF PLANNING & DEVELOPMENT

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Ms Caroline Normand
Reference Secretary
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Dear Ms Normand

ROBERT WISEMAN DAIRIES: SCOTTISH PRIDE MERGER INQUIRY

In response to your letter of 12 September 1996, to the Council's Chief Executive, I can now offer the following representations in relation to the above inquiry. I apologise for the delay in submitting these observations to you, but understand that you will accept these up to 14 October 1996.

In terms of local economic development in North Lanarkshire, the merger would lead to a stronger company that is able to achieve greater penetration into the UK dairy produce market. This should in turn lead to enhanced job security for North Lanarkshire residents who work for the company and may lead to greater local employment opportunities in future. In this respect the Council would be supportive of the merger.

It is my understanding that in the recent past acquisitions by Wiseman's have not been considered to be against the public interest because the Scottish market did not operate in isolation from the UK market. As such, I do not have any negative views as regards competition. Rather, I envisage the merger as creating a company that is able to better compete with similar sized English-based companies within the UK market.

In terms of the distribution of industry and employment in Scotland, it is encouraging to see a Lanarkshire based company doing well. The Lanarkshire economy has been transformed in recent years and any further growth potential is to be welcomed. Additionally, Wiseman's appear to have a track record whereby employees of the companies they take over generally retain their jobs. However, it is a major concern of this Council that all jobs transferred from Scottish Pride as a result of this merger will be retained. With this proviso I believe that the merger will not have a detrimental effect on employment within the Scottish dairy industry.

I trust you find this information of use. However, should you require any further details do not hesitate to contact me.

Yours sincerely



Stanley C Cook
Director of Planning and Development