



## Determination of the Competition Authority

### **Determination No. M/04/028 of the Competition Authority, dated 19 May 2004, under Section 21 of the Competition Act, 2002**

### **Notification No. M/04/028 – the proposal by Abbott Laboratories to acquire certain assets of Aventis S.A.**

#### **Introduction**

1. On 5 May 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Abbott Laboratories and several of its affiliates (“Abbott”) would acquire that part of the business of Aventis S.A. connected with the manufacture, distribution and sale of pharmaceutical products containing either Trandolapril or a combination of Trandolapril/Verapamil as the active ingredient (the “Proposed Transaction”).
2. Under the proposed transaction, Abbott would acquire Aventis’ manufacturing and marketing rights worldwide, except for marketing rights in Japan. Manufacturing rights (except for the United States) relating to Aventis’ products containing only Trandolapril as an active ingredient would be acquired by Abbott Ireland.
3. The proposed transaction is global in nature and was notified to both the German Federal Cartel Office and the United States Federal Trade Commission on 1 March 2004. Both bodies cleared the proposed transaction, on 26 and 31 March 2004, respectively.

#### **The Parties**

4. Abbott, headquartered in the United States, is a multinational corporation engaged in the manufacture and supply of a broad range of healthcare products and services. Abbott’s Irish activities encompass pharmaceutical products, medical hospital products, medical diagnostics and medical nutritionals. Abbott’s Irish headquarters are based in Sligo and it operates three manufacturing facilities in Sligo, other plants in Donegal, Cavan and Galway, and a marketing and sales office in Dublin.
5. Aventis, headquartered in France, also develops and markets pharmaceutical products. Aventis’ core business comprises activities in prescription medicines, human vaccines and animal health.

#### **Current relationship of the Parties**

6. Aventis manufactures Trandolapril and sells the major part of its output to Abbott. Abbott in turn uses Trandolapril as an active ingredient in the manufacture of medication for treatment of hypertension. This medication is then distributed in part by Abbott,



## Determination of the Competition Authority

whilst another part is sold back to Aventis. Both Abbott and Aventis then distribute the medication under their respective branded ranges.

- Abbott's hypertension medication brands are *Gopten* or *Mavik* (containing Trandolapril) and *Tarka* (combination of Trandolapril/Verapamil). Aventis hypertension medication brands are *Odrik* (containing Trandolapril) and *Udramil* (combination of Trandolapril/Verapamil). Aventis also sells Ramapril, which is another medication for lowering blood pressure, and which is sold in Ireland as the brand *Tritace*. Aventis' Ramapril business does not form part of the proposed acquisition.

### Analysis

- The commercial rationale behind the proposed transaction is to enable Abbott to manufacture Trandolapril and to develop products containing Trandolapril or Trandolapril/Verapamil combined, and allow Aventis to concentrate on producing Ramapril, which is a blood pressure medication product that competes with products containing Trandolapril or Trandolapril/Verapamil combined. Consequently, it is submitted that the result of the proposed acquisition would not substantially lessen competition in any markets for goods and services in the State.
- Several types of medication are used to lower blood pressure, including diuretics, beta-inhibitors, calcium inhibitors, alpha-inhibitors, angiotensin antagonists and ACE (angiotensin converting enzyme) inhibitors. Abbott submits that they all fall within the same product market, on the basis that they all perform the same function and are comparable in terms of efficiency, and because two or three different types of blood pressure medication are often combined to achieve better results and minimise side effects.
- Abbott does not produce *Gopten* or *Tarka* in Ireland, and sells only *Gopten*, imported from its manufacturing plant in Germany.
- Aventis does not produce *Odrik* or *Udramil* in Ireland, and sells only *Odrik*, imported from its manufacturing plant in France, and all of which is sold to United Drug plc. Aventis' sales of Ramapril, or *Tritace*, in Ireland in 2003 totalled approx. [ ], which is about [ ] of total sales of all blood pressure medications in Ireland for that period (total sales were approx. [ ]).
- Abbott's sales of *Gopten* for 2003 totalled [ ], while Aventis' sales of *Odrik* totalled [ ]. Excluding Aventis' sales of Ramapril, the shares held by Abbott and Aventis in the Irish industry for the supply of pharmaceutical medicines for treatment of hypertension market for blood pressure medication are small (approximately [ ] and [ ], respectively).



## Determination of the Competition Authority

13. Abbott provided estimates of shares in the Irish industry for the supply of pharmaceutical medicines for treatment of hypertension, as follows:

<b>Company</b>	<b>Brand</b>	<b>(approx.) Industry Share</b>
MSD	Innovace	[ ] %
BMS	Capoten	[ ] %
Zenaca	Zestril	[ ] %
Servier	Coversyl	[ ] %
Aventis	Tritace	[ ] %
Aventis	Odrik	[ ] %
Abbott	Gopten	[ ] %

14. The proposed acquisition would not result in the creation of market power, since market concentration will not be affected to any meaningful extent, given Abbott's de minimus share, and a sufficient number of alternative suppliers, including Aventis (as a manufacturer of Tritace), would remain in the industry to ensure effective competition.

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the proposed acquisition by Abbott Laboratories of certain assets of Aventis S.A., connected to the latter's manufacture and supply of pharmaceutical medicines containing either Trandolapril or a combination of Trandolapril/Verapamil, will not result in a substantial lessening of competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

### **For the Competition Authority**

**Edward Henneberry**  
**Member of the Competition Authority**