

Mergers: Commission opens in-depth investigation into proposed merger between Essilor and Luxottica

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Half of Europeans wear glasses and almost all of us will need vision correction one day. Therefore we need to carefully assess whether the proposed merger would lead to higher prices or reduced choices for opticians and ultimately consumers”*.

The proposed merger would combine two leaders in the optical industry. Essilor is the largest supplier of ophthalmic lenses, both worldwide and in Europe. Luxottica is the largest supplier of eyewear, both worldwide and in Europe, and has well-known brands in its portfolio such as Ray-Ban and Oakley. Both companies sell their products to opticians who then sell finished spectacles and sunglasses to consumers.

The Commission’s preliminary competition concerns

The Commission’s initial market investigation raised several issues relating in particular to the combination of Essilor’s strong market position in lenses and Luxottica’s strong market position in eyewear.

At this stage, the Commission is concerned that, following the transaction, the merged entity may use Luxottica’s powerful brands to convince opticians to buy Essilor lenses and exclude other lens suppliers from the markets, through practices such as bundling or tying. The Commission will investigate whether such conduct could lead to adverse effects on competition, such as limiting purchase choices or increasing prices.

In addition, the Commission will further assess whether:

- the merged entity would use Essilor’s strength in ophthalmic lenses to exclude rival eyewear suppliers from the markets,
- the merger would remove important emerging competition from Luxottica in lenses and from Essilor in eyewear.

The transaction was notified to the Commission on 22 August 2017. The Commission now has 90 working days, until 12 February 2018, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Companies and products

Essilor, headquartered in France, mainly manufactures and sells ophthalmic lenses and markets them to opticians worldwide. Its flagship brands are Varilux, Crizal, Transitions, Eyezen, and Xperio. Essilor also sells optical machines, optical instruments and eyewear, and it operates optician retail businesses, mainly outside of Europe.

Luxottica, headquartered in Italy, designs, manufactures and distributes prescription frames and sunglasses. Its portfolio includes proprietary brands such as Ray-Ban, Oakley and Persol, as well as more than 15 licensed brands including Armani, Chanel, Dolce & Gabbana, Prada and Versace. Luxottica also operates optician retail businesses, mainly in the US but also in Italy through Salmoiraghi & Viganò, in the UK through David Clulow and worldwide through Sunglass Hut.

Merger control rules and procedures

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the Merger Regulation) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

In addition to the current transaction, there are two on-going phase II merger investigations: the [proposed acquisition of NXP by Qualcomm](#) and the [proposed acquisition of Monsanto by Bayer](#).

More information will be available on the [competition website](#), in the Commission's [public case register](#) under the case number [M.8394](#).