



Breaking News on Food Processing & Packaging

Bemis agrees to sell-offs to clinch Alcan takeover

By Rory Harrington, 25-Feb-2010

Bemis Co has agreed to sell off part of Alcan's US flexible packaging operations in order to secure the takeover of the company from Rio Tinto.

The United States Department of Justice (DOJ) said it would only approve the US\$1.2bn deal if Bemis agreed to divest two of Alcan Packaging Food Americas' units that manufacture flexible packing for the cheese and fresh meat sectors. The assets generate around \$US100m net sales and include two plants.

Bemis said the agreement has been filed with the US Federal District Court in Washington D.C. and it would notify investors once the court had given the go-ahead.

The DOJ announced yesterday it had insisted on the sell-offs on the grounds the original deal would have eliminated the significant competition between the two companies in the flexible packaging sector and lead to *"higher prices, lower quality, less favourable supply-chain options, reduced technical support and less innovation."* The department estimated that \$2.1bn of Bemis' total \$3.8bn sales in 2008 came from flexible packaging.

"The acquisition as originally proposed would have lessened the vigorous competition that currently exists among suppliers of flexible packaging for natural cheese and fresh meat," said Christine Varney, assistant attorney general in charge of the DOJ's Antitrust Division. *"These divestitures will preserve competition in the markets for flexible-packaging for these products, which allows for lower prices, higher quality and more innovation, benefiting consumers."*

Settlement filed

The US body said that flexible packaging for natural cheese and fresh meat products are unique and are difficult to manufacture and commercialise successfully.

The settlement requires Bemis to divest all of Alcan's contracts and intellectual property as well as plants located in Catoosa, Okla., and Menasha, Wis., along with certain other assets necessary to the manufacture of flexible packaging for natural cheese and fresh meat.

As part of the bureaucratic procedure, the DOJ said its Antitrust Division had filed a civil antitrust lawsuit in the District Court for the District of Columbia to block the proposed acquisition. However, it had simultaneously filed a proposed settlement that, if approved by the court, would resolve the competitive concerns alleged in the lawsuit.

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