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25 June 2021

www.accc.gov.au

Dear Interested Party

Re: Request for submissions: JBS' proposed acquisition of Rivalea

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Rivalea Holdings Pty Ltd and Oxdale Dairy Enterprise Pty Ltd (together, **Rivalea**) by JBS Australia Pty Limited (**JBS**) (the **proposed acquisition**).

JBS and Rivalea are participants in the Australian pork industry.

- JBS operates abattoirs, value-add facilities and feedlots for a number of species across Australia's eastern seaboard. JBS has ten processing facilities in Australia and acquires livestock from cattle, lamb and pig producers. JBS' Port Wakefield (South Australia) facility supplies pig slaughtering/service kill services, as well as further processing (boning and value-adding) services. JBS also supplies fresh pork, value-added pork, pork smallgoods and cooked pork products in Australia.
- Rivalea is a vertically integrated pork production company with commercial activities in feedstock production, pig production farming, pig slaughtering/service kills, processing (boning and value-adding) services and the distribution of fresh pork and value-added pork products to wholesalers and retailers in Australia. Rivalea has ownership interests in two pig processing facilities in Australia, one in Laverton, Victoria and one in Corowa, New South Wales.

Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- whether Rivalea and JBS compete closely in pig slaughtering/service kills, processing (boning and value-adding services) and distribution of pork products; and
- the impact of the proposed acquisition on:
 - prices for slaughter weight pigs
 - availability of pig slaughtering services/service kills, and

- the production and sale of fresh pork, value-added pork and pork smallgoods products.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **5pm on 16 July 2021** via email with the title: *Submission re: Rivalea/JBS - attention Karina Geddes / Janet Li*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Karina Geddes on (02) 9102 4008, or Janet Li on (02) 9102 4024.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

The proposed acquisition

JBS proposes to acquire 100% of the issued capital in Rivalea.

JBS

JBS is a subsidiary of JBS S.A., a company listed on the Brazil stock exchange.

JBS operates abattoirs, value-add facilities and feedlots for a number of species across Australia's eastern seaboard. JBS has ten processing facilities in Australia and acquires livestock from cattle, lamb and pig producers. JBS' Port Wakefield facility in South Australia supplies pig slaughtering/service kill services, as well as further processing (boning and value-adding) services.

JBS acquires domestic and imported pork. Through its Primo, Primo Retail, Andrews Meats and D.R. Johnston businesses, JBS supplies fresh pork, value-added pork products and pork smallgoods (being pork products that are further processed, cooked or cured) in Australia. JBS' fresh pork brands include Seven Point Australian Pork and Byron Bay Berkshire Pork.

JBS' international trade division, Swift & Company Trade Group, trades Australian pork into export markets.

Rivalea

Rivalea is a subsidiary of Singapore-listed food company QAF Limited.

Rivalea is a vertically integrated pork production company with commercial activities in feedstock production, pig production farming, pig slaughtering, processing (boning and value-adding services) and the distribution of fresh and value-added pork products to wholesalers and retailers in Australia.

Rivalea owns one pig slaughter and processing facility located in Corowa, New South Wales, and holds an 80% interest in Diamond Valley Pork Pty Ltd, which owns a pig slaughter and processing facility located in Laverton, Victoria (the **Diamond Valley Pork facility**).

Rivalea supplies live pigs and fresh and value-added pork products (including those processed at the Diamond Valley Pork facility and Corowa) to major supermarkets, wholesalers and distributors. Rivalea's fresh pork brands include Murray Valley Pork, St Bernard's Free Range, Family Chef and Riverview Farms.

Rivalea also exports pork products to certain Asian trading countries.

Attachment B

1. Please provide a brief description of your business or organisation and explain your interest in the proposed acquisition, including any commercial relationship(s) with JBS or Rivalea.

Nature of competition and alternatives

Questions for all market participants

2. Please describe how you procure different types of pork products or pork related services—for example, through formal tender or other methods—including typical contract duration.
3. Please describe the extent to which JBS and Rivalea compete with each other in:
 - a. the acquisition of slaughter weight pigs
 - b. the supply of pig slaughtering services/service kills
 - c. the supply of processing services (boning and value-adding services), and
 - d. the sale of fresh and value-added pork, and/or pork smallgoods.
4. For each of the products and services identified in question 3 (a) to (d), please identify and describe the alternative purchasers/suppliers to JBS and/or Rivalea. In your response, please identify any purchasers/suppliers you consider particularly effective competitors (for example, through their innovation, product offering or service) and comment on your ability to switch between purchasers/suppliers.
5. Over what geographic area do you consider businesses compete for each of the products or services identified in question 3 (a) to (d)? Please explain the factors which may influence the geographic scope of competition such as the location of processing facilities and transport considerations, including animal welfare standards and costs.
6. Please discuss whether you would have the ability to bypass supply of any of the pork products and/or services from the combined JBS/Rivalea through switching to another purchaser/supplier, self-supplying, or sponsoring the entry of another supplier. Please provide specific examples where possible.
7. Please discuss the likelihood of new entry into these markets. In your response, please consider the likely timeframe for market entry and provide details about the key obstacles to entry, such as any regulatory requirements, and access to key inputs or cost. Please provide examples of recent entry where possible.
8. Please explain your views as to whether prices may increase or service levels may decrease due to the proposed acquisition for any of the products or services identified in question 3 (a) to (d).

Additional questions for purchasers of pig slaughtering and processing (boning and value-adding) services

9. If you purchase pigs, explain the extent to which you engage a third party to slaughter and/or process them (i.e. 'service kills').

10. Please comment on the ability of a combined JBS/Rivalea to foreclose or discriminate against third parties seeking pig slaughtering services, including 'service kills', or any processing (boning and value-adding) services.

Additional questions for purchasers and suppliers of pig slaughtering and processing (boning and value-adding) services

11. To your knowledge, please comment on the extent of any capacity constraints or excess capacity in relation to the provision of pig slaughtering services, including 'service kills', or any processing (boning and value-adding) services. Where possible, please provide examples.

Imports

12. Please describe the extent of current imports of pork, in terms of product range, volumes, quality, and any other relevant factors. Please also identify relevant importers supplying customers in Australia, as well as details of any imports by your organisation.

Any additional information

13. Please provide any additional information or comments relevant to the ACCC's consideration of the proposed acquisition.