



23 Marcus Clarke Street
Canberra ACT 2601

GPO Box 3131
Canberra ACT 2601

tel: (02) 6243 1368

mergers@acc.gov.au

www.acc.gov.au

Our ref: IM-70658
Contact officer: Sophie Mitchell; Louis Loizou
Contact phone: 03 9290 1822; 03 9290 1412

8 December 2020

Dear Interested Party

Re: Request for submissions: New Forests Fund's proposed acquisition of Global Forest Partners LP's softwood plantation assets

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Global Forest Partners LP (**GFP**)'s softwood plantation assets by New Forests Asset Management Pty Ltd (**New Forests**).¹

New Forests is a forestry investment manager that manages funds that own plantation forest and sawmill assets in the Green Triangle. GFP is a US-based investment adviser that specialises in forestry investment management. 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:

- the impact of the proposed acquisition on the prices for softwood logs in the Green Triangle and/or Central Victoria region;
- whether funds managed by New Forests and GFP compete closely;
- whether New Forests would be able to:
 - restrict the supply of its softwood logs to rival sawmills for processing; and
 - refuse to process rival softwood producers' logs and therefore restrict their ability to supply sawmill customers.

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

¹ New Forests is proposing to lodge a bid to purchase the assets on behalf of the Third Australia New Zealand Forest Fund (**ANZFF3**).

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 13 January 2021** via email with the title:
Submission re: New Forests / GFP - attention Sophie Mitchell/Louis Loizou.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Sophie Mitchell on 03 9290 1822 or Louis Loizou on 03 9290 1412.

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



Sheridan de Kruiff
General Manager (A/g)
Merger Investigations

Attachment A –

Information about the merger parties and the proposed acquisition

The proposed acquisition

New Forests proposes to lodge a bid to acquire the following assets in the Green Triangle region, one of Australia's major forest regions spanning the border area between South Australia and Victoria, from GFP:

- i. approximately 22,000 hectares of softwood plantation forest, and the underlying freehold land; and
- ii. the forest management company known as Green Triangle Forest Products (**GTFP**), which is responsible for the day to day management of the forests owned by World Timberfund Australia Trust (**WTF Australia Trust**), a fund advised by GFP.

These are referred to as the **Sale Assets**.

The Sale Assets are primarily located in the lower Green Triangle, within an 80km radius of Mount Gambier, South Australia. Approximately 85% of the softwood produced from the Sale Assets is sold under contract to local sawmills, particleboard plants and post producers, with the remainder exported. End uses for softwood logs include posts and poles, particleboard, woodchip and timber production.

New Forests

New Forests is a forestry investment manager headquartered in Australia which also operates in New Zealand, Singapore and the United States.

New Forests manages the following assets in the Green Triangle region:

- Penola Plantations: a 41,000 hectare softwood plantation estate owned by the investment fund Green Triangle Forest Trust (**GTFT**); and
- Timberlink Tarpeena: a structural sawmill which acquires and processes sawlogs into structural timber, owned by the Australia New Zealand Forest Fund (**ANZFF**).

Penola Plantations and Timberlink Tarpeena are owned by different funds, with distinct groups of investors and are managed separately by New Forests.

GFP

GFP is a US-based forestry investment adviser that manages approximately USD 3 billion in forestry assets and 700,000 hectares of timberland worldwide, including in Australia where it has been active since 1999. GFP manages approximately 266,500 hectares of timberland in Australia.²

² <https://www.gfplp.com/our-experience>; <https://www.gfplp.com/map>.

Attachment B

1. Please describe your business or organisation and explain your interest in the proposed acquisition, including any commercial relationship(s) with New Forests or GFP.

Questions for customers (e.g. sawmills or end users)

2. Identify and describe the types of softwood products/services you procure in Australia and your current suppliers.
3. Please describe how you procure different types of softwood products/services—for example, through formal tender or other methods—including the typical duration of the contract(s) awarded.
4. For each softwood product/service you procure in Australia, please identify and describe the alternative suppliers capable of servicing your needs. In your response, please identify any suppliers you consider particularly effective competitors (for example, through their innovation, product offering or service).
5. Please explain whether you consider New Forests and GFP to be close competitors in the supply of softwood products/services in the Green Triangle. In your response, consider factors such as the types of products/services the parties supply, their geographic areas of supply and their participation in tender processes.
6. Please explain your views as to whether prices may increase or service levels may decrease due to the proposed acquisition for any softwood product or service you procure in Australia.
7. Please explain whether you would be able to bypass supply of any softwood products/services from the combined entity by self-supplying or sponsoring the entry of another supplier. Please provide examples where possible.

Questions for competitors (e.g. softwood producers or sawmills)

8. Please identify the softwood products/services you supply in Australia.
9. For each product/service you supply, please identify your competitors and estimate market shares where possible.
10. 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 barriers to entry, such as any regulatory barriers or access to key inputs. Please provide examples of recent entry where possible.
11. Please discuss the importance of innovation and research and development in competition in the supply of softwood in Australia.
12. Please comment on the geographic area over which softwood logs are generally supplied in the Green Triangle region. For example, please explain whether softwood sawlogs can be transported to other regions of Australia. Please identify any transport costs, storage costs and any other relevant factors.

Other

13. Please provide any additional information or comments that you consider relevant to the ACCC's consideration under section 50 of the Act.