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Our ref: IM-70433  
Contact officer: Isabelle Mauleon-Wells / Elizabeth Elias  
Contact phone: 07 3835 9218 / 02 6243 1104

27 November 2019

Dear Interested Party

**Request for submissions: Spicers' proposed acquisition of Direct Paper**

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Direct Paper (**Direct Paper**) by Spicers Limited (**Spicers**) (the **proposed acquisition**).

Spicers and Direct Paper are both wholesale suppliers of a range of paper and packaging products in Australia. Spicers is also active in the wholesale supply of sign and display products. Further details regarding the acquisition is at **Attachment A**.

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

- how closely Spicers and Direct Paper compete with each other, and for which products and services
- which other businesses compete with, or provide similar services and products to, Spicers and Direct Paper
- the likely impact of the proposed acquisition on prices of paper and packaging 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 no later than **5pm on 13 December 2019**. Responses may be emailed to [mergers@acc.gov.au](mailto:mergers@acc.gov.au) with the title: *Submission re: Spicers Direct Paper - attention Isabelle Mauleon-Wells/Elizabeth Elias*. If you would like to arrange a time

to discuss the matter with ACCC officers, or have any questions about this letter, please contact Isabelle Mauleon-Wells on (07) 3835 9218 or Elizabeth Elias on (02) 6243 1104.

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  
Executive Director  
Merger Investigations

## **Attachment A**

### **Spicers**

Spicers Limited is a wholesale supplier of a range of paper, packaging and sign and display products in Australia and New Zealand.

Spicers is part of the wider Kokusai Pulp & Paper Co Ltd (**KPP**) group. KPP is a Japanese multinational company that operates as a trading house. KPP operations include the importing/exporting of paper board, pulp and other paper related products which KPP acquires from paper mills.

Spicers operates warehouse facilities, in Dandenong South (Melbourne), Chullora (Sydney) and Hendra (Brisbane).

### **Direct Paper**

Direct Paper is a family-owned wholesale supplier of a range of paper and packaging products. In addition to wholesale supply of standard and pre-formed products, Direct Paper also has the ability, through its site at Dingley, to produce custom dimensions for packaging and board products.

Direct Paper operates warehouse facilities in Dingley and Springvale (Melbourne), Ermington (Sydney) and Pinkenba (Brisbane).

## Attachment B

1. Please provide a brief description of your business or organisation
2. Please outline your interest in the proposed acquisition, including any commercial relationship/s with either of Spicers and/or Direct Paper.

The questions below have been separated into categories, however, you can answer any question from any category.

### Questions for all market participants

3. How closely do Spicers and Direct Paper compete to provide various paper and board products? When answering, please take into consideration factors such as:
  - a. price
  - b. quality
  - c. the type of product, and any additional services, and
  - d. the geographic area over which you can acquire products
4. Please identify and describe other suppliers of commercial printing paper and/or packaging paper and board, including the extent to which they compete with Spicers and/or Direct Paper. How strong is the competition that these alternative businesses provide? Are they able to supply all the products that you require?
5. To what extent are you able to acquire commercial printing paper and/or packaging paper and board directly from paper mills overseas? If you have attempted to do this in the past, please provide details of your experience.
6. Please describe your organisation's wholesale purchase/supply of commercial printing paper and/or packaging paper and board. Please include information about the specific types of products you use/supply, how you source/produce these, how they are utilised by customers, volumes/value of your purchases/supply and any particular requirements you have (such as same day delivery etc.).
7. Please explain the barriers to entry and/or expansion into the supply of commercial printing paper and/or packaging paper and board. In your response, please have regard to:
  - a. costs and time required to start supplying the products
  - b. scale required to be competitive
  - c. the need for exclusive/long-term customer contracts or the extent of brand loyalty
  - d. market growth/decline, and examples of recent market entry and exit, and
  - e. whether the proposed acquisition would impact the likelihood of new entry.
8. Do you have any concerns about the impact the proposed acquisition will have on competition? Please explain your answer.

**Questions for suppliers of commercial printing paper and/or packaging paper and board**

9. What percentage of your total sales are from commercial printing paper, and packaging paper and board respectively?
10. Please describe the type of paper, board or packaging products that your company supplies.
11. What factors do you take into account when determining the prices that you charge customers?
12. How easily can customers to switch suppliers? Are there any recent examples you have of winning or losing major customers?

**Other information or competition issues**

13. Please provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.