



Statement of Issues

15 December 2020

Woolworths – proposed acquisition of 65% of the shares in PFD Food Services

Purpose

1. Woolworths Group Limited (**Woolworths**) proposes to acquire 65% of the shares of PFD Food Services Pty Limited (**PFD**), freehold properties used in PFD's business and a call option over the remaining 35% of PFD's shares (**proposed acquisition**).
2. This Statement of Issues:
 - gives the Australian Competition and Consumer Commission's (**ACCC**) preliminary views on competition issues arising from the proposed acquisition,
 - identifies areas of further inquiry, and
 - invites interested parties to submit comments and information to assist our assessment of the issues.
3. Statements of Issues are not final decisions and do not refer to confidential information provided by the parties or other market participants and therefore may not fully articulate the ACCC's position.

Overview of ACCC's preliminary views

4. In considering the proposed acquisition, the ACCC applies the legal test set out in section 50 of the *Competition and Consumer Act 2010* (the **CCA**). In general, terms, section 50 prohibits acquisitions that would have the effect, or be likely to have the effect, of substantially lessening competition in any market.
5. The ACCC divides its preliminary views into three categories, 'issues of concern', 'issues that may raise concerns' and 'issues unlikely to raise concerns'. In this Statement of Issues there are three issues that may raise concerns.

Issues that may raise concerns

- **Potential to increase Woolworths' upstream buyer power**

The ACCC is concerned that the proposed acquisition will increase Woolworths' already strong bargaining power in dealing with suppliers, as well as remove an important alternative buyer, which may lead to a substantial lessening of competition in the acquisition of food products from suppliers.

- **Potential lessening of competition in wholesale food distribution**

The ACCC has concerns that the proposed acquisition will enable PFD to obtain considerably improved prices and terms from suppliers (that it would be unlikely to obtain independently of the proposed acquisition), providing it with a distinct advantage over its competitors. While some end customers in the market would benefit from this in the short-term, in the longer-run this could lead to the exit of rivals and therefore a lessening of competition.

- **Vertical foreclosure by Woolworths**

The ACCC has concerns that PFD supplies some retail competitors of Woolworths, which may lead to full or partial foreclosure by Woolworths.

Making a submission

6. Interested parties should provide submissions by 5pm on 1 February 2021. Responses may be emailed to mergers@acc.gov.au with the title: Submission re: Woolworths/PFD - attention Janet Li/Nigel Vise. If you would like to discuss the matter with ACCC staff or have any questions about this Statement of Issues, please contact Nigel Vise on (03) 9290 1468 or Janet Li on (02) 9102 4024.
7. Although the ACCC anticipates making a final decision on 22 April 2021, this timeline can change. To keep up with possible timing changes and to find relevant documents, interested parties should visit the Mergers Register on the ACCC's website at www.acc.gov.au/publicregisters/mergers-registers/public-informal-merger-reviews.

Confidentiality of submissions

8. The ACCC will not publish submissions regarding the proposed acquisition. We will also 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 CCA. 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, please identify any confidential information that is provided to the ACCC. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

About ACCC 'Statements of Issues'

9. A Statement of Issues is not a final decision about a proposed acquisition. A Statement of Issues outlines the ACCC's preliminary views, drawing attention to particular issues of varying degrees of competition concern, as well as identifying the lines of further inquiry that the ACCC wishes to undertake.

10. A Statement of Issues provides an opportunity for all interested parties (including customers, competitors, shareholders and other stakeholders) to ascertain and consider the primary issues identified by the ACCC. It is also intended to provide the merger parties and other interested parties with the basis for making further submissions should they consider it necessary.

The parties

Woolworths

11. Woolworths is an ASX-listed Australian and New Zealand retailer. Its operations include supermarkets, liquor and general merchandise stores as well as licensed premises. Woolworths operates a national vertically integrated supermarket business, controlling its own distribution centres for the vast majority of products, and is one of Australia's largest grocery retailers. It sells grocery products in-store and online.
12. In addition to its retail supermarkets, Woolworths supplies food and groceries to businesses via its Australian Grocery Wholesalers business (**Woolworths AGW**) and Woolworths at Work platform.
 - Woolworths AGW is a wholesale business supplying Caltex petrol stations as well as charitable organisations and two ready meal/meal kit businesses in which Woolworths has a financial interest.
 - Woolworths at Work is an online platform recently established to supply Woolworths' supermarket products to businesses.
13. Woolworths also has a majority interest in ALH Group, which operates hotels and licensed venues. Many of these venues would be customers of PFD or PFD's rivals.

PFD

14. PFD is a private family-owned wholesale food distribution business supplying to food service customers nationally.
15. PFD supplies and delivers an extensive range of frozen, chilled, dry goods and fresh seafood and meat to over 39,000 business customers across Australia. It operates a national footprint of distribution centres and a large fleet of delivery vehicles. PFD supplies Quick Service Restaurants (**QSRs**), Petrol & Convenience (**P&C**), pubs, hotels, bakeries, hotels and institutional customers such as hospitals and aged care facilities. PFD also supplies some supermarkets, typically with food products such as fresh seafood.
16. PFD has some food manufacturing capabilities at some of its distribution centres including sandwiches, fresh meat and fresh seafood.

Other industry participants

17. In addition to PFD there are other wholesale food distributors.

Bidfood

18. Bidfood is an ANZ subsidiary of South African listed Bid Corp. It is a wholesale food distributor of dry, chilled and frozen goods as well as non-food items including packaging products and cleaning aids. Bidfood has a presence in capital cities and major regional areas in Australia. Bidfood's main customers

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include pubs and clubs, airlines, hotels, restaurants, cafes, fast food outlets, hospitals and aged care facilities.

19. The ACCC understands that Bidfood and PFD are the two largest wholesale food distributors in Australia.

Buying groups – NAFDA and Countrywide

20. There are two large wholesale food distribution buying groups – NAFDA and Countrywide. “The Distributors” is a third, smaller buying group.
21. Buying groups aggregate demand from a number of smaller member businesses and negotiate with suppliers based on that aggregated demand. Buying groups are discussed in more detail in paragraph 30.
22. Countrywide’s members have more than 160 distribution locations and NAFDA’s members have over 70 distribution locations nationally.

Superior Food Services

23. Superior Food Services (**Superior**) is a private wholesale food distributor, majority owned by Quadrant Private Equity. It supplies dry, chilled and frozen products as well as packaging and cleaning products. Superior has over 20 branches nationally. Like Bidfood and PFD, its main customers include pubs and clubs, hotels, restaurants, cafes, and fast food outlets.
24. Superior is a member of Countrywide and the ACCC understand that Superior is the third largest wholesale food distributor after PFD and Bidfood.

Industry background

Wholesale food services and retail channels

25. Food suppliers produce, import, process and/or supply food products. There are generally two different channels they supply: wholesale food distributors (sometimes referred to as ‘out of home’) and supermarket (retail). PFD mainly operates in the wholesale food distribution channel and Woolworths mainly in the supermarket channel.
26. The wholesale food distribution channel serves business customers such as QSRs, cafes, restaurants, pubs, hotels, P&C, supermarkets (for some limited product lines), bakeries and institutional customers, while the supermarket channel serves end customers such as households and some small businesses.

Pack sizes of products

27. Due to the differing customer bases, wholesale food distributors generally purchase and supply products in bulk or in large format packaging, such as a 10kg pack of frozen chips. On the other hand, supermarkets generally purchase and supply products in smaller retail packaging, such as 500g or 1kg frozen chips.

Supply chain

Wholesale food distributors

28. As noted above, wholesale food distributors acquire products from suppliers, such as food manufacturers. Often smaller wholesale food distributors stock products from small local suppliers as well as larger suppliers. The ACCC understands that smaller suppliers rely on smaller (local) wholesale food distributors as their primary distribution channel to access end customers.

29. Some large business customers (such as QSR chains) may negotiate pricing and product ranges directly with the suppliers. The QSR will then engage a wholesale food distributor (such as PFD) to warehouse and distribute the products to the QSR's restaurants. Generally, smaller customers will purchase directly from the wholesale food distributors.

Buying groups

30. Buying groups represent many independent, often small, wholesale food distributors. These buying groups use the aggregated buying power of their members to negotiate prices with larger suppliers. Members of the buying group will subsequently order and contract directly with the suppliers using the price negotiated by the buying group. Individual members are also able to negotiate separately with suppliers if they wish to do so (which often is the case for smaller suppliers).

Supermarkets

31. Supermarkets mostly acquire their products direct from suppliers. However, some products are acquired via wholesale food distributors.
32. Coles and Woolworths tend to acquire products from large suppliers that are able to fulfil their large volume purchase orders and supply nationally.

Price lists

33. As wholesale food distributors and supermarkets generally require differently sized and packaged products, the products are generally priced differently with suppliers using separate price lists for wholesale food distribution and supermarket channels.
34. The terms of trade negotiated on top of the price lists also differ for wholesale food distributors and supermarkets. As a result, it is common for suppliers to have separate teams and staff who engage and negotiate with the wholesale food distribution and supermarket channels.

Rebates

35. Rebates are payments made by suppliers to large purchasers (wholesale food distributor or supermarkets) to support the purchaser. There are two main types of rebates:
- Volume rebates: rebates to the purchaser based on the volume or value of purchases and distribution-related allowances to cover warehousing and transport costs incurred by the purchaser.
 - Promotional rebates: supplier contributions to sales promotions of a certain product or advertising.
36. Rebates tend to be different for wholesale food distributors and supermarkets:
- Volume rebates paid to supermarkets are typically higher than those paid to wholesale food distributors. This may in part reflect the logistical cost savings to suppliers from supermarkets purchasing larger volumes than wholesale food distributors. Further, major supermarkets operate large centrally-located distribution centres (**DCs**). By accepting deliveries at DCs rather than many more smaller warehouses, large supermarkets may allow suppliers to avoid some of the transport costs they need to bear when supplying wholesale food distributors.
 - Promotional rebates are often only paid to supermarkets. This may be because promotion and advertising is more important for spurring

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supermarkets sales to end customers than in wholesale food distributor sales.

37. However, in both cases, the higher rebates paid to supermarkets relative to wholesale food distributors may reflect the greater buyer power that large national supermarkets such as Woolworths can exercise when negotiating with suppliers.

The proposed transaction

38. Woolworths proposes to acquire 65% of the shares in PFD, with a call option over the remaining 35% of PFD's shares, for a total value of approximately AU\$552 million.
39. Under the proposed transaction:
- Woolworths will acquire PFD's 26 freehold distribution centres.
 - Woolworths and PFD submit that they intend to continue to largely operate PFD as a separate business independent of Woolworths' other businesses with information barriers in place.

Areas of overlap

Acquisition of food products from suppliers

40. Woolworths and PFD both acquire food products from suppliers.
41. There are a large number of suppliers that Woolworths and PFD currently both purchase from. While these suppliers generally make up a low percentage of the total number of suppliers that each party purchases from, they make up a large proportion of the *value* of PFD's purchases.

Supply of food products to some retailers

42. Woolworths and PFD also overlap at the margins in the supply of food products to some food service customers. Woolworths supplies food in competition with PFD through Woolworths AGW, Woolworths at Work and its online Woolworths Supermarket platform.

Relevant markets

Product and functional dimensions of the markets

43. Although PFD and Woolworths primarily supply different types of *customers*, they both purchase food from the same or similar *suppliers*. The ACCC is therefore considering both upstream and downstream product markets:
- Upstream markets for the acquisition of food products: Woolworths and PFD are both significant purchasers of various types of food products from suppliers.
 - Downstream markets for the supply of food products to end customers (consumers) and to business customers (food service businesses).

Upstream acquisition of food

44. The ACCC considers that supermarkets and wholesale food distributors are likely to compete in the same acquisition markets for most types of food product.

45. As noted above, many suppliers can and do supply products to both supermarkets and wholesale food distributors, although some smaller and niche suppliers are more specialised and can only supply on a local or regional basis to food service distributors.
46. The ACCC notes that supermarkets and wholesale food distributors generally purchase different-sized products, and suppliers tend to use different price lists and different teams to service the two channels. However, the actual food product is generally the same, or is produced with the same equipment. Therefore, for most food products, suppliers can likely switch between producing for the wholesale distribution and supermarket channels at minimal cost.

Food acquisition categories

47. The ACCC is further considering whether there could be separate upstream acquisition markets based on product categories. Market participants have referred to the following product categories and the ACCC is considering the extent to which each may form separate product markets:
 - Dry food
 - Chilled
 - Frozen
 - Dairy
 - Fresh meat
 - Fresh seafood
48. Supermarkets and wholesale distributors generally purchase food across a range of categories, but would not regard goods in one category to be readily substitutable by goods in another. They also frequently operate teams that focus on purchasing particular product categories such as seafood. There may be a degree of differentiation in specialisation by wholesale food distributors. However, many of them purchase multiple categories.
49. Many suppliers focus on particular product categories or on particular goods within those categories, although some larger suppliers may supply multiple goods across multiple categories. This suggests there are likely to be some complementarities between producing different types of food products, although the extent of these complementarities vary. In any case, supply-side substitution is unlikely to be significant, as suppliers typically cannot switch easily from manufacturing one type of product or category of products to another.
50. The ACCC is also considering whether there could be separate markets for narrower product categories.

Downstream supply of food

51. As discussed above, supermarkets and wholesale food distributors like PFD principally supply different types of customers.
52. Products supplied mainly through the wholesale food distribution channel are targeted at business customers such as cafes and restaurants. Products sold through the supermarket channel are targeted at consumers. Some food service businesses do buy a portion of their needs from supermarkets like Woolworths, but this tends to occur to only a small degree.
53. Therefore, the ACCC considers that it is likely there are separate downstream markets for the retail supply of food products to supermarket customers (i.e.

consumers) and the wholesale distribution of food products to food services customers.

Geographic dimension of the market

54. The ACCC considers that it is likely that there are a range of geographic markets for the acquisition of food products. These markets range from national to regional.
55. National buyers generally prefer to acquire from suppliers that can supply nationally to any of their distribution centres. However, there are circumstances where national businesses may buy from local or regional suppliers.
56. Many larger suppliers have the ability to supply their products to customers nationally. However, smaller suppliers have more limited coverage, often only supplying on a state or even regional basis.
57. In many cases, smaller suppliers are unlikely to have the capacity to supply volumes required by national supermarkets and are likely to supply to local food service distributors and independent supermarkets. Accordingly, the ACCC considers that the focus of its investigation should be on national markets, where Woolworths and PFD both operate as buyers.

The ACCC invites comments in relation to the ACCC's consideration of the relevant market(s). In particular, you may wish to comment on the following:

- How easy or difficult is it for food suppliers to switch from supplying food products to wholesale food distributors (in bulk or large format) to supplying supermarkets (smaller format), or vice versa.
- The extent to which there are different markets for different product categories. If so, identify the product categories and explain why.
- The importance of food suppliers or distributors being able to supply nationally.

Barriers to entry and expansion

58. Market feedback suggests that there are high barriers to entry into wholesale food distribution, particularly to replicate the scale of a business such as PFD which operates on a national basis. Expanding from one geographic area into new markets can also be time consuming and costly.
59. In order to compete effectively, wholesale food distributors require warehouse premises, a fleet of delivery vehicles, as well as a range of food supply arrangements.
60. Accordingly, new entry or expansion would require significant investment in capital expenditure and significant contractual commitments to suppliers and employees. Much of these investments and commitments are likely to be sunk or otherwise unavoidable once incurred.

The ACCC invites comments in relation to barriers to entry or expansion into retail supermarkets and wholesale food distribution. In particular, market participants may wish to comment on the following:

- The barriers to new entry and/or expansion for a wholesale food distributor.

- Could an existing food distributor enter or expand into supermarket retailing? If this is possible, how easy would it be and what would be required for a party to succeed?

Issue that may raise concerns: potential to increase Woolworths' upstream buyer power

61. Food manufacturers generally supply to supermarkets or wholesale food distributors, which act as the distribution channels to end customers. In some cases suppliers deal directly with the end customers, such as QSR. However, in these instances they generally engage a wholesale food distributor to transport their products to the QSR.
62. The largest customers of food manufacturers are the two national supermarket groups, Metcash and the large wholesale food distributors and buying groups – Bidfood, PFD, Countrywide and NAFDA.
63. The ACCC is concerned that the proposed acquisition may substantially lessen competition in the acquisition of food products from suppliers by:
 - removing PFD as an independent buyer; and
 - increasing Woolworths' overall size as a buyer.
64. Market feedback suggests that although it accounts for a lower percentage of sales volumes and revenue, the wholesale food distribution channel is a very important channel for suppliers as it can act as a 'hedge' against over reliance on supermarkets. Some suppliers submitted that they can generate greater margin from the wholesale food distribution channel than the supermarket channel.
65. PFD is presently the second largest wholesale food distributor nationally. As such, some suppliers submitted that they view PFD as an important outside option and check on the buyer power held by Woolworths and Coles and the risk associated with losing either of them as a customer.
66. Woolworths and PFD both currently acquire a significant proportion of their food products from many of the same suppliers. The removal of PFD and aggregation of its demand with Woolworths' will reduce the number of potential buyers in the market for the acquisition of food products. It will also strengthen one of the two dominant existing buyers (Woolworths and Coles), potentially weakening competition in a concentrated market.
67. As Woolworths grows in size as a buyer, and PFD is removed as an option for suppliers, competition is lessened in the acquisition market. Woolworths will have a greater ability to use its buyer power to push down the price of suppliers' goods.
68. Pre-acquisition, when Woolworths negotiates to extract as low prices as it can from suppliers, it knows that at some point a supplier will walk away, and try to survive by focussing on other customers. Post-merger, removing PFD from that pool of other customers that the supplier can focus on means Woolworths can push the suppliers even harder. This could include Woolworths switching or indicating it could switch some of PFD's purchases away from branded goods to private label goods.
69. This loss of an alternative customer and increase in Woolworths' bargaining power will lead to a loss of rivalry on the demand side.

70. A weakening of competition will likewise give a dominant buyer, such as Woolworths, increased bargaining power in relation to a range of terms. For example, it could increase Woolworths' ability to place further obligations on suppliers in areas such as responsible sourcing, membership of accreditation programs etc.
71. On the other hand, there are other supermarket customers and other wholesale food distribution customers, and the existence of these other buyers may constraint any anti-competitive effects.
72. The ACCC is also concerned that the increase in Woolworths' bargaining power as a result of the proposed acquisition could have a number of other, consequential adverse effects on competition:
 - Suppliers may exit as their margins are excessively squeezed.
 - New entry, investment and innovation in food manufacturing and supply may be reduced or 'chilled'.
 - Suppliers may have incentives to raise prices to other competing buyers with less bargaining power.
73. These outcomes could in turn:
 - harm competition in upstream markets for the acquisition of fresh and unprocessed food from primary producers; and
 - raise downstream prices for food supply to end consumers.

The ACCC invites comments on its concerns in relation to the effects of Woolworths' increased buyer power on upstream supply. In particular, market participants may wish to comment on the following:

- To what extent does Woolworths have and exercise bargaining power? What would be the impact of the proposed acquisition on Woolworths' bargaining power?
- How will food product suppliers likely respond to Woolworths' potentially increased bargaining power?
- How will food product suppliers likely respond to the loss of an alternative buyer?
- The effects on competition in markets for the acquisition of food product from suppliers if PFD was removed as a buyer.
- Identify the most important buyers in markets for the acquisition of food product from suppliers and explain why they are important.
- How important is PFD as an alternative customer for food suppliers, and to what extent does PFD currently constrain the buyer power of other purchasers from food product suppliers?
- What alternative wholesale food distributors have the capability to supply nationally?

Issue that may raise concerns: potential for the proposed acquisition to lessen competition in wholesale food distribution

74. Based on market feedback, the ACCC has concerns that Woolworths' increased bargaining power when dealing with common and other similar suppliers may give PFD cost advantages that other wholesale food distributors may not be able to obtain from those suppliers and this could lessen competition in food distribution.
75. Market feedback suggests that suppliers use different price lists for the supermarket and wholesale food distribution channels. Further, the terms of trade and rebates often differ between these two channels, potentially leading to different cost structures for distributors compared to large national supermarkets.
76. For the concerns raised by market participants to have the potential to cause competitive harm, post-acquisition PFD would need to be able to obtain more favourable terms from suppliers than it could have obtained without Woolworths' bargaining power. The ACCC is considering the extent to which the proposed acquisition could enable this.
77. More favourable terms may be available in relation to suppliers that produce food products acquired by PFD and/or Woolworths. In relation to:
 - Common suppliers that supply PFD and Woolworths – the merged entity may threaten to switch its combined volumes to another supplier if PFD does not receive more favourable terms than it did prior to the acquisition (or the threat may be implicit with the supplier feeling that it risked losing Woolworths' business if it didn't offer more favourable terms (than previously) to PFD); and
 - Non-common suppliers that supply PFD but not Woolworths, but where Woolworths purchases the same or similar products from another supplier – the merged entity may be able to threaten (or the supplier may feel implicitly threatened) PFD's current suppliers that it will switch PFD's purchases to another supplier that currently serves Woolworths but not PFD if PFD does not receive more favourable terms than it did prior to the acquisition.
78. Market participants are concerned that rival wholesale food distributors (without Woolworths' bargaining power) may not be able to obtain these more favourable terms, rendering them less competitive. This may lead to rival wholesale food distributors reducing their range, quality of service or exiting the market.
79. The ACCC notes that Woolworths and PFD have announced that PFD will continue to operate as separate business and they will put processes in place to keep information separate. However, operational separation arrangements such as information barriers are in the control of Woolworths and PFD and therefore subject to change. These measures will not change the economic and commercial incentives of the merger parties. Therefore, for the purpose of this review, the ACCC is assessing the impact of the proposed acquisition assuming that Woolworths and PFD will have the ability to share information and will operate as a combined entity with aligned interests and incentives.
80. If the proposed acquisition caused the exit of rival food distributors, it could result in the following:

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- PFD gaining increased market power and the ability to increase its prices to food distribution customers.
- As smaller suppliers rely on smaller wholesale food distributors to take their products to market, if smaller wholesale food distributors exit, small suppliers may lose their local distribution channel. This could result in the loss of product diversity and choice for customers of wholesale food distributors, as well as harming competition in markets for the supply of certain categories of food products.
- The loss of smaller, locally-based wholesale food distributors could lead to a reduction in service quality (e.g. frequency and reliability of deliveries) for those local areas.

The ACCC invites comments on the concerns in relation to Woolworths' increased buyer power on downstream wholesale food distribution. In particular, market participants may wish to comment on the following:

- Whether, and if so, the extent to which food product suppliers' price lists and supply terms/rebates differ between wholesale food distributors and supermarkets.
- The type of rebates paid to the wholesale food distribution channel versus the supermarket channel.
- Margins made by food product suppliers in relation to the wholesale food distribution channel versus the supermarket channel.
- The proportion of a wholesale distributor's revenue that is taken up by the Cost of Goods Sold.
- Wholesale food distributor margins.
- The distribution options available to smaller, regional or locally based suppliers.

Issue that may raise concerns: vertical foreclosure

81. PFD currently supplies some businesses who compete with Woolworths at the retail level, although it does not supply Woolworths. In these circumstances, the merged entity could potentially harm its downstream rivals by raising the prices it charges for the input to those rivals.
82. Woolworths and PFD have stated that they intend to keep the businesses separate with appropriate information sharing barriers in place. However, notwithstanding these intentions, some customers are concerned about possible foreclosure of – or higher prices for – the supply of key products, or Woolworths gaining a competitive advantage via access to information about its competitors' purchasing decisions. Moreover, as noted above, the ACCC is assessing the competitive impact of the proposed acquisition on the assumption that Woolworths and PFD will operate as a combined entity.
83. The ACCC considers that the distribution and supply of fresh seafood to supermarkets and food distributors is an area of concern. PFD appears to be the only national supplier of fresh seafood that can meet quality requirements specified by some customers.

84. To the extent that PFD has market power in this sector, Woolworths' control of a supplier to its retail competitors raises the possibility of full or partial foreclosure via a withdrawal of supply or price increases that raise its rivals' costs. This could harm competition in markets for food distribution and grocery retailing.
85. However, PFD does face some constraints, in the form of alternative food service wholesalers. These alternatives are generally not able to supply fresh seafood on a national basis, although there do seem to be alternatives to PFD available in each state or territory. Prior to PFD's entry into supplying fresh seafood in 2017, its current customers used these alternative suppliers.
86. The ACCC is continuing to assess the strength of the alternative state based suppliers and the extent to which they would constrain Woolworths' ability to exercise a full or partial foreclosure strategy post-acquisition.

The ACCC invites comments on its concerns in relation to Woolworths as a supplier to rival retailers. In particular, market participants may wish to comment on the following:

- To what extent are there viable alternatives to PFD for the supply of food products, in particular, fresh seafood? Identify the alternatives and how they compare to PFD.
- The costs and time involved in switching to an alternative supplier.
- The possibility and likelihood of sponsorship of new wholesale food distributor. Identify who may be able to sponsor a new entrant, and costs and time involved in a potential sponsorship.

ACCC's future steps

87. As noted above, the ACCC invites submissions from market participants on each of the issues identified in this Statement of Issues and on any other issue that may be relevant to the ACCC's assessment of this matter. Submissions should be emailed to mergers@acc.gov.au by no later than 5pm on 1 February 2021.
88. The ACCC will finalise its view on this matter after it considers submissions invited by this Statement of Issues.
89. The ACCC intends to publicly announce its final view by 22 April 2021. However the anticipated timeline may change in line with the Informal Merger Review Process Guidelines. A Public Competition Assessment explaining the ACCC's final view may be published following the ACCC's public announcement.