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5 September 2019

Dear Interested Party

Re: Request for submissions: Global Forests Partners' proposed acquisition of RMS's Tasmanian hardwood plantations and interest in the Plantation Export Group

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Resource Management Service LLC (**RMS**)'s Tasmanian hardwood plantation and an interest in the Plantation Export Group (**PEG**) by funds managed by Global Forest Partners (**GFP**) (the **proposed acquisition**).

GFP is a US-based investment adviser which specialises in the structuring and management of international forestry investments. GFP advises funds that own Reliance Forest Fibre which in turn owns timber plantations, a chipping mill and export operation in Tasmania.

RMS manages funds which own hardwood plantations in Tasmania and a third share in PEG. Further details regarding the acquisition can be found 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 plantation hardwood logs in Tasmania
- the impact of the proposed acquisition on export operations at the Ports of Bell Bay and Burnie, and the likely avenues available for private growers to sell plantation hardwood logs or wood chips following the proposed acquisition

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 Thursday, 12 September 2019**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: GFP / RMS - attention Amelia Richardson-Dear / Nigel Vise*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Amelia Richardson-Dear on (07) 3835 4606 or Nigel Vise on (03) 9290 1468.

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



Tom Leuner
General Manager
Merger Investigations

Attachment A – Information about the merger parties and the proposed acquisition

Global Forest Partners

GFP is a US-based investment adviser, registered with the US Securities and Exchange Commission, which specialises in the structuring and management of international forestry investments.

GFP advises investment funds that own Reliance Forest Fibre Pty Ltd (**RFF**). In 2017, RFF acquired 99 year forestry rights over approximately 27,00ha of hardwood plantations in Tasmania from Sustainable Timber Tasmania (formerly Forestry Tasmania).

RFF also controls a hardwood chipping facility at Bell Bay. RFF is currently GFP's only investment in Tasmania. GFP also manages Australian Bluegum Plantations (**ABP**), a fund which owns hardwood timber assets in mainland Australia. ABP provides marketing services to RFF in Tasmania.

RMS

RMS is a global forest investment firm, headquartered in Alabama, USA. RMS manages approximately 2.5 million acres of privately owned forests in the United States, Brazil, Australia and New Zealand. All of its Tasmanian products are exported.

In 2017, RMS established the Plantation Export Group (**PEG**) with Pentarch Forest Products Pty Ltd (**Pentarch**) and Midway Limited (**Midway**). PEG is a joint marketing entity which markets and exports woodchips on behalf of RMS and other forest growers and processors to customers in Asia. RMS, Pentarch and Midway are equal joint owners of PEG.

The proposed acquisition

GFP proposes to acquire RMS' hardwood plantation assets in Tasmania via a competitive bid process. The sale comprises:

- freehold land of more than 36,000 hectares (gross), including approximately 21,000 hectares of productive area. The productive area is stocked with approximately 19,000 hectares of hardwood eucalypt and approximately 2,000 hectares of area awaiting re-establishment
- RMS's shareholding in PEG.

Attachment B – Questions for market participants

1. Please provide a brief description of your business or organisation and outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with GFP, RMS or PEG.

Woodchip marketing and export services

2. Please describe the current export options for growers of plantation hardwood logs for chipping, and woodchip suppliers in Tasmania.
3. Please describe any differences as between Bell Bay and Burnie:
 - a. in the cost of exporting wood chips. For example port fees or transport costs
 - b. in prices paid to private growers for hardwood plantation logs (for chipping).
4. What is the minimum volume/number of vessels a plantation hardwood chip exporter needs to supply to remain relevant/competitive in the international market? Is it possible to export 1 or 2 ship loads per year?
5. Do woodchip vessels currently load at:
 - a. both Bell Bay and Burnie in a single voyage?
 - b. at both a Tasmanian port and a mainland port in a single voyage?If not, could they in the future? Are there any additional costs associated with this?
6. Does the need for a vessel to load at multiple ports during a single voyage impact on the prices paid to private growers for their plantation hardwood logs?

Bell Bay

7. If GFP diverted the RMS volumes at Bell Bay from PEG's export operation to ABP's export operation, what would be the impact on export operations at Bell Bay, including the number of buyers for plantation hardwood logs from private growers?
8. What would the likely impact on prices be for private plantation hardwood logs if the number of export operations at Bell Bay decreased from three to two?

Burnie

9. If GFP acquired the sale assets of RMS, would GFP be likely to continue to export its and RMS's North West volumes through PEG at Burnie?
10. Would a combined RMS/GFP have enough volume at Burnie for ABP to export wood chips from Burnie or 'top up' ships from Bell Bay? Would this position be different if it could also export volumes from STT and Pentarch?
11. Could GFP divert RMS' volumes from Burnie to GFP's mill and export operation at Bell Bay?
12. What would the likely impact be on prices for private plantation hardwood logs if the number of export operations at Burnie decreased from two to one?
13. If PEG no longer exported chips from Bell Bay, would it have sufficient volume to continue to export from just Burnie?

Acquisition of woodchipping services in Tasmania

14. Would GFP be likely to divert the RMS volumes in the Northeast from Artec to RFF? If so, could ARTEC continue to supply plantation hardwood chipping services?
15. Did Artec provide hardwood plantation too wood chipping services or acquire logs from private plantation owners prior to id 2018?
16. If Artec no longer provided plantation chipping services, would this impact the price paid to private growers for hardwood logs in North East Tasmania?
17. Would GFP be likely to continue processing RMS volumes in the Northwest through Pentarch? If not, would Pentarch continue to supply plantation hardwood chipping services?

Supply of forestry services

18. If GFP purchases the sale assets of RMS, would it affect the ability of:
 - a. forest service contractors to supply forestry services in Tasmania? Would it reduce the prices paid for the supply of forestry services in Tasmania?
 - b. forest growers to acquire forestry services in Tasmania? Would it reduce the available suppliers of forestry services?

Other information or competition issues

19. 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.