

# MEDIA RELEASE



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## Louis Dreyfus' proposed acquisition of Namoi Cotton not opposed, subject to undertaking

The ACCC will not oppose Louis Dreyfus' proposed acquisition of Namoi Cotton Limited (ASX: NAM), after accepting a court-enforceable undertaking from the Louis Dreyfus Company B.V. and its subsidiaries (together, the LDC Group) to divest its shares in ProClass Pty Ltd, and to terminate its joint venture with WANT Cotton Pty Ltd.

In Australia, the LDC Group and Namoi both supply cotton ginning, cotton lint classing, logistics and warehousing services. Both the LDC Group and Namoi also engage in the acquisition and marketing of cotton lint and cottonseed.

The LDC Group owns 20 per cent of ProClass, and Namoi owns 100 per cent of Australian Classing Services (ACS), both of which supply cotton lint classing services. The LDC Group also has a joint venture with WANT Cotton for the operation and management of a cotton gin near Katherine, Northern Territory.

The ACCC was concerned that the proposed acquisition would be likely to substantially lessen competition in the supply of cotton ginning services in the north of Western Australia and the Northern Territory.

"Without terminating its joint venture with WANT Cotton, the LDC Group would have operated the only two cotton gins in the north of Western Australia and the Northern Territory," ACCC Deputy Chair Mick Keogh said.

The ACCC was also concerned that the proposed acquisition would be likely to substantially lessen competition in the supply of cotton lint classing services in Australia.

The divestment of ProClass shares addresses this concern, by ensuring that the LDC Group does not have interests in both ProClass and ACS, which together class more than 80 per cent of all cotton lint in Australia.

"Without the divestiture, there was a risk that ProClass and ACS would not compete with each other effectively, given the LDC Group's respective part ownership and full ownership of these businesses," Mr Keogh said.

"This could have resulted in increased cotton classing prices or a reduction in the quality of classing services in Australia."

The ACCC also considered the impact of the proposed acquisition on the LDC Group's ability and incentive to restrict rival merchants' access to cotton lint.

As the proposed undertaking addresses the overlap in cotton ginning services, the ACCC has concluded that the LDC Group would not have sufficient market power to restrict or negatively impact rival merchants' access to cotton lint.

The ACCC also found that the LDC Group would not be able to limit access to or increase prices for warehousing services for the export of cotton out of the Port of Brisbane.

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Rival merchants would still be able to access warehousing services from other competitors, and barriers to entry for rival merchants to establish their own warehousing facilities instead of contracting with a third party are relatively low.

Further information, including the undertakings accepted by the ACCC, can be found on the ACCC's public register at: [Louis Dreyfus Company Melbourne Holdings Pty Ltd – Namoi Cotton Limited](#).

## Background

In Australia, the LDC Group operates in the origination, ginning, classing, storage, and trading of cotton lint and cottonseed, grains and oilseeds.

'Ginning' involves receiving raw cotton from growers and separating the cotton lint from cottonseed. Cotton gins are generally located in the cotton growing regions and serve the growers in those regions.

'Classing' occurs at the conclusion of the cotton ginning process when a sample is collected from each bale of cotton lint and sent for grading.

The LDC Group operates three cotton gins located in Emerald and Dalby (Queensland) and Moree (NSW). It supplies cotton warehousing and logistics services with facilities in Dalby and the Port of Brisbane (Queensland) and Moree (NSW).

The LDC Group holds a 20 per cent interest in ProClass, which supplies cotton lint classing services. It also has a joint venture with WANT Cotton for the operation and management of the WANT cotton gin located near Katherine (NT). This cotton gin became operational in May 2024.

Namoi is an ASX-listed company with its business comprising ginning, cotton lint classing through its ownership of ACS, cottonseed and cotton lint marketing as well as warehousing and logistics services.

Namoi operates ten cotton gins at nine sites across NSW and Queensland. It is also involved in a joint venture with the Wathagar Ginning Company, with a cotton gin located in the Gwydir Valley (NSW), and a joint venture with the Moomin Ginning Company, with a cotton gin located in the Lower Namoi Valley (NSW).

Namoi has a 17 per cent interest in the Kimberley Cotton Company, which will operate a cotton gin in Kununurra (WA). This cotton gin's construction is due to be completed in July 2025.

The LDC Group has two joint venture arrangements in place with Namoi – the Namoi Cotton Alliance (NCA) and the Namoi Cotton Marketing Alliance (NCMA). The NCA stores and transports cotton lint bales through its warehousing facilities. It has warehouse facilities in Wee Waa and Warren (NSW) and Goondiwindi (Queensland). The NCMA is involved in the trading and marketing of cotton lint. Namoi exclusively supplies all cotton lint bales acquired by it to the NCMA and the NCMA exclusively supplies its services to Namoi.

The ACCC is also conducting a [review of Olam Agri Holding's proposed acquisition of Namoi](#). The ACCC's [preliminary competition concerns](#) in relation to this proposed acquisition are addressed in a Statement of Issues published on 20 June 2024.

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