

Statement of Issues

Zoetis Holdings LLC/Neogen Corporation

27 July 2026

Introduction

1. On 13 May 2026, the Commerce Commission registered an application (the Application) from Zoetis Holdings LLC (Zoetis) seeking clearance to acquire, either directly or via a wholly-owned subsidiary, the global animal genomic testing business (Neogen Genomics Business) of Neogen Corporation (Neogen) (the Proposed Acquisition).¹
2. As required by the Commerce Act 1986² (the Act), we assess mergers and acquisitions using the substantial lessening of competition test, which we describe further below.
3. To grant clearance for the Proposed Acquisition, we must be satisfied that it will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.
4. This Statement of Issues (Sol) sets out the competition issues on which we are not currently satisfied following our initial investigation. This is so Zoetis and Neogen (together, the Parties) and other interested parties can provide us with submissions relating to those issues.
5. In reaching the preliminary views set out in this Sol, we have considered information provided so far by the Parties and other industry participants. We have not yet made any final decisions on the issues outlined below (or any other issues) and our views may change, and new competition concerns may arise, as the investigation continues.

The issues we are continuing to investigate

6. Based on the evidence collected to date, we are not currently satisfied that the Proposed Acquisition would not be likely to substantially lessen competition in a market in New Zealand. We are continuing to investigate the competitive effects of the Proposed Acquisition.

¹ A public version of the Application is available on our website at:
<http://www.comcom.govt.nz/businesscompetition/mergers-and-acquisitions/clearances/clearances-register/>.

² Commerce Act 1986, s66(3).

7. We are still to conclude on the definition of the relevant market(s) for assessing the competitive effects of the Proposed Acquisition. However, our preliminary view is that the market that best isolates the potential competition issues that might arise from the Proposed Acquisition is the national market for the supply of genomic testing for beef cattle.
8. We are continuing to explore the possible competitive effects of the Proposed Acquisition in the market for the supply of genomic testing for beef cattle. At this stage, our concerns relate to potential unilateral effects in this market.
9. We are concerned that the Proposed Acquisition would substantially lessen competition due to unilateral effects, leading to higher prices or a reduction in quality or service.
10. Our investigation has focused on assessing the: (i) closeness of competition between Zoetis and Neogen; (ii) degree of constraint from alternative options for the supply of genomic testing for beef cattle; (iii) countervailing power of customers; and (iv) potential for new entry or expansion into the market.
11. We are not currently satisfied the Proposed Acquisition would not substantially lessen competition due to unilateral effects for the following reasons (which are discussed in further detail below):
 - 11.1 Zoetis and Neogen are the two main providers of genomic testing for beef cattle in New Zealand. Zoetis and Neogen are each other's closest competitor, and the Proposed Acquisition would remove the existing competitive constraint they impose on one another.
 - 11.2 We are not currently satisfied that the degree of competitive constraint imposed by Weatherbys Scientific (Weatherbys), a new entrant to the supply of genomic testing for beef cattle in New Zealand, would be sufficient to constrain the merged entity.
 - 11.3 Barriers to entry and expansion appear to be significant. The cost and time to develop the necessary inputs for genomic testing appear to be material. There may also be some barriers to customers switching suppliers. While there has been recent entry by Weatherbys, we are not yet satisfied that entry is sufficient in extent and timely enough to constrain the merged entity, or whether further entry is likely.
 - 11.4 It is not currently clear whether any market participants (particularly PBB or breed societies) have sufficient countervailing power.

The issues that do not currently raise concerns

12. We are currently of the view that the Proposed Acquisition would not be likely to cause a substantial lessening of competition due to coordinated effects in the relevant market. This is because, post-acquisition, the only remaining competitor of a significant size would be Zoetis.

13. While coordination may become easier with fewer market participants, the Proposed Acquisition would substantially increase asymmetry between the remaining suppliers. The merged entity would hold a large share of the market, while the remaining competitor (Weatherbys) would be much smaller. Consequently, the remaining parties post-acquisition (the merged entity and Weatherbys) are unlikely to have an aligned interest in coordinating, with Weatherbys likely having stronger incentives to compete for growth and market share.
14. We are also currently of the view that the Proposed Acquisition would not be likely to cause a substantial lessening of competition due to conglomerate effects in the relevant market(s). This is because we do not consider that the Proposed Acquisition would give Zoetis an increased ability to bundle its other animal healthcare products with its genomic testing products.
15. We do not discuss coordination or conglomerate effects further in this Sol, but we welcome any submissions on either of these points.

Process and timeline

16. We have agreed with Zoetis to extend the period in which to make a decision until **15 September 2026**. Further extensions may be agreed between the Commission and Zoetis.
17. We invite submissions and supporting evidence from the Parties and other interested parties on the issues raised in this Sol. We request responses by close of business on **10 August 2026**, including a confidential and public version of any submission made where relevant.
18. All submissions received will be published on our website with appropriate redactions.³ All parties will have the opportunity to cross-submit on the public versions of submissions received from other parties. Cross-submissions must be received by close of business on **18 August 2026**.
19. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

Our framework

20. The Act requires us to assess mergers and acquisitions using the substantial lessening of competition test. The Act, together with relevant case law, governs the way in which we consider all mergers, including the Proposed Acquisition. Our approach to

³ Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

this assessment is also based on the principles set out in our Mergers and Acquisitions Guidelines (Guidelines).⁴

21. We determine whether a merger or acquisition is likely to substantially lessen competition in a market by considering what would change with a merger. We do so by comparing the likely state of competition if a merger proceeds (the scenario with a merger, often referred to as the factual) with the likely state of competition if a merger does not proceed (the scenario without a merger, often referred to as the counterfactual).⁵ This allows us to assess the degree by which the Proposed Acquisition might lessen competition.
22. Whether or not a lessening of competition as a result of a merger is substantial depends on the particular circumstances.⁶ It is the degree to which competition has been lessened which is critical. A lessening of competition does not need to be felt across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial. A lessening of competition that adversely affects a significant section of the market may be enough to amount to a substantial lessening of competition.⁷ Further, in markets that are already concentrated, a smaller change in competition with a merger may amount to a substantial lessening of competition than would be the case in markets that are less concentrated to begin with.⁸
23. In considering the Application and assessing whether the Proposed Acquisition is likely to substantially lessen competition, our focus is on what would change with the Proposed Acquisition. Unless we are satisfied that any lessening of competition as a result of the Proposed Acquisition is not likely to be substantial, we cannot give clearance.

The Parties and the Proposed Acquisition

Zoetis

24. Zoetis is a US-based animal health company that supplies genomic testing services worldwide through its 'Precision Animal Health' division.⁹ Zoetis does not have a laboratory in New Zealand and so its genomic testing services are provided from its laboratory in Kalamazoo, Michigan, United States.¹⁰ Zoetis supplies genomic testing services for sheep, beef cattle, and dairy cattle.¹¹
25. In addition to genomic testing services, Zoetis develops, manufactures and commercialises parasiticides, vaccines, dermatology, anti-infectives, animal health

⁴ Commerce Commission, Mergers and Acquisitions Guidelines (May 2022).

⁵ *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].

⁶ *ANZCO Foods Waitara Ltd v AFFCO NZ Ltd* (2005) 11 TCLR 278 at [240] (CA).

⁷ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888.

⁸ M Sumpter, *New Zealand Competition Law and Policy* (CCH, Auckland, 2010) at 186-187, discussing the decision in *Air New Zealand v Commerce Commission* (2004) 11 TCLR 347 (HC).

⁹ The Application at [2.4].

¹⁰ The Application at [2.8].

¹¹ The Application at [10.2].

diagnostics, medicated feed additives and other pharmaceutical products and technologies in over 100 countries.¹²

Neogen

26. The Neogen Genomics Business forms part of US-based Neogen's wider animal health and agricultural solutions portfolio. The Neogen Genomics Business is active in over 120 countries with genomic testing undertaken from 6 laboratories.¹³ Neogen does not have any laboratories in New Zealand and so its genomic testing services are provided from its laboratory in Brisbane, Australia. All its sales in New Zealand are undertaken through a partnership with Performance Beef Breeders (PBB).¹⁴ In New Zealand, Neogen only supplies genomic testing for beef cattle.¹⁵

Other key parties

Breed societies

27. Breed societies are collectives of farmers and breeders who have a mutual interest in a particular breed of animal, in this case cattle. Among other things, breed societies seek to help breeders and farmers add value to their operations, collect and store genetic and performance information, support marketing initiatives, and promote the individual breed.¹⁶ New Zealand breed societies include (among others) AngusNZ, NZ Herefords, Angus Australia and the South Devon Cattle Society of New Zealand.
28. Membership of a breed society gives a breeder or farmer the ability to market their cattle as registered (eg, a registered Angus), allows them access to the breed society's registry and historic phenotype database (which records observable animal characteristics, traits and performance data such as calving ease, growth, fertility, and physical characteristics), and provides support and access to commercial arrangements managed by the society.

Performance Beef Breeders (PBB)

29. PBB is a service company providing breed societies and farmers with a range of administrative and management services including registration, marketing and catalogue design, beef evaluation and genomic testing. PBB is the New Zealand partner for Neogen and Weatherbys and facilitates genomic testing for customers using these providers. PBB is collectively owned by seven breed societies.¹⁷

¹² The Application at [2.6].

¹³ The Application at [3.3].

¹⁴ The Application at [3.5]. While PBB facilitates the sales of Neogen's genomic testing services, we understand that []. See [].

¹⁵ The Application at [10.7].

¹⁶ See for example <https://angusnz.com/> and <https://www.herefords.co.nz/>.

¹⁷ Commerce Commission interview with [].

The Proposed Acquisition

30. For purposes of the Proposed Acquisition, Neogen has established a US-registered wholly-owned subsidiary, US Genomics Headco LLC (SaleCo), and will transfer 100% of the shares in Geneseek Australia Pty Limited (Australia NewCo) to SaleCo.¹⁸ The Proposed Acquisition will then involve Zoetis (or a wholly-owned subsidiary) acquiring 100% of the shares in SaleCo from Neogen, and certain non-Australian assets of the Neogen Genomics Business.¹⁹ In essence, the Neogen entities that operate the Neogen Genomics Business will become wholly-owned subsidiaries of Zoetis.

Industry background

31. Genomic testing falls within the broader animal genetics industry, which has the overall goal of increasing the genetic merit and overall performance of a herd or flock of livestock. We understand that genomic testing has historically been an optional service for farmers, but that some breed societies have started to make it a mandatory step for registration or for other specific circumstances.²⁰
32. At a high level, genomic testing involves farmers taking a tissue sample from an animal for analysis at the laboratory of a genomic testing provider (such as Zoetis and Neogen). The results of the genomic testing are then evaluated alongside a relevant reference population to produce “Estimated Breeding Values” (EBVs). EBVs are the key output, and they are used to assist farmers to identify livestock that are likely to perform well, make better decisions about which animals to keep, sell, purchase, or breed from, and accelerate genetic improvements in the herd for important traits.
33. There are various parties involved in the end-to-end genomic testing process, including farmers, breed societies, genomic testing providers and evaluation providers.
- 33.1 Farmers own the stock (eg, cows) that is being genomically tested. We understand there are genomic testing options for both stud farmers (ie, breeders) and commercial farmers (ie, meat/milk production farmers), but that at this stage genomics testing is more commonly used by stud farmers.²¹
- 33.2 Breed societies play a key intermediary role in the genomics testing process. Breed societies hold years’ worth of data, including pedigree and performance (phenotype) data, that the genomic testing results are evaluated against to create the EBVs.

¹⁸ The Application at [4.2].

¹⁹ The Application at [4.3(a)]. These non-Australian assets include laboratories located in Brazil and China, and assets related to its international sales offices in those countries.

²⁰ Commerce Commission interviews with [] and [].

²¹ Commerce Commission interviews with [], [], [] and [].

- 33.3 Genomic testing providers are companies like Zoetis and Neogen. They are responsible for performing the analysis of the relevant animal's tissue sample in their laboratories. For beef cattle in New Zealand, this analysis is typically done using single nucleotide polymorphism (SNP) genotyping (ie, by using a 'SNP chip').^{22 23}
- 33.3.1 In most cases, performing the analysis of the relevant animal's tissue sample in their laboratories, and sharing the genotype results with the relevant breed society (or other customer), is the only role of the genomic testing provider. This is because the evaluation of the data against a relevant reference population to create EBVs is done by evaluation providers such as Helical or BREEDPLAN.
- 33.3.2 In some cases, Neogen and Zoetis undertake the evaluation themselves. Given breed societies in New Zealand hold the New Zealand specific reference population data, in these circumstances, we understand that Zoetis and Neogen calculate the relevant EBVs using global (non-New Zealand specific) reference data.²⁴
- 33.4 Once the genomic test is complete and has been shared with the relevant breed society (or PBB in the case of Neogen), the results will be shared with an evaluation provider such as Helical or BREEDPLAN for evaluation. Creation of EBVs through evaluation is the key step because genomic testing results do not serve any purpose without evaluation against the reference population data.
- 33.4.1 Typically, breed societies are the party that decide which evaluation provider to use for its members' evaluations. For example, Angus Australia's TransTasman Angus Cattle Evaluation (TACE) uses BREEDPLAN's evaluation software.²⁵
- 33.4.2 Evaluation providers typically do not 'own' any data themselves although some (such as Helical) also offer a registry/database product for storing data on behalf of breed societies.

²² Genotyping involves extracting the animal's DNA from the sample that has been collected, preparing the DNA for analysis, and 'reading' the DNA to identify the base pairs that exist at targeted locations within the animal's DNA. SNPs occur when there is a difference in a single base pair at a specific location with the genome of animals. A SNP chip is a DNA chip, or 'microarray' that evaluates an animal's DNA at a fixed number of SNPs.

²³ [] told us that a more cost-effective alternative to SNP genotyping that doesn't require as much investment is genomics by sequencing. However, [] also told us that the data arising from sequencing analysis is more complicated to process than SNP array data. See Commerce Commission interview with []. [] considered that the technology and machines for genomics by sequencing would likely be more expensive than SNP genotyping, but that the per unit cost for genomics by sequencing would be lower. See Commerce Commission interview with [].

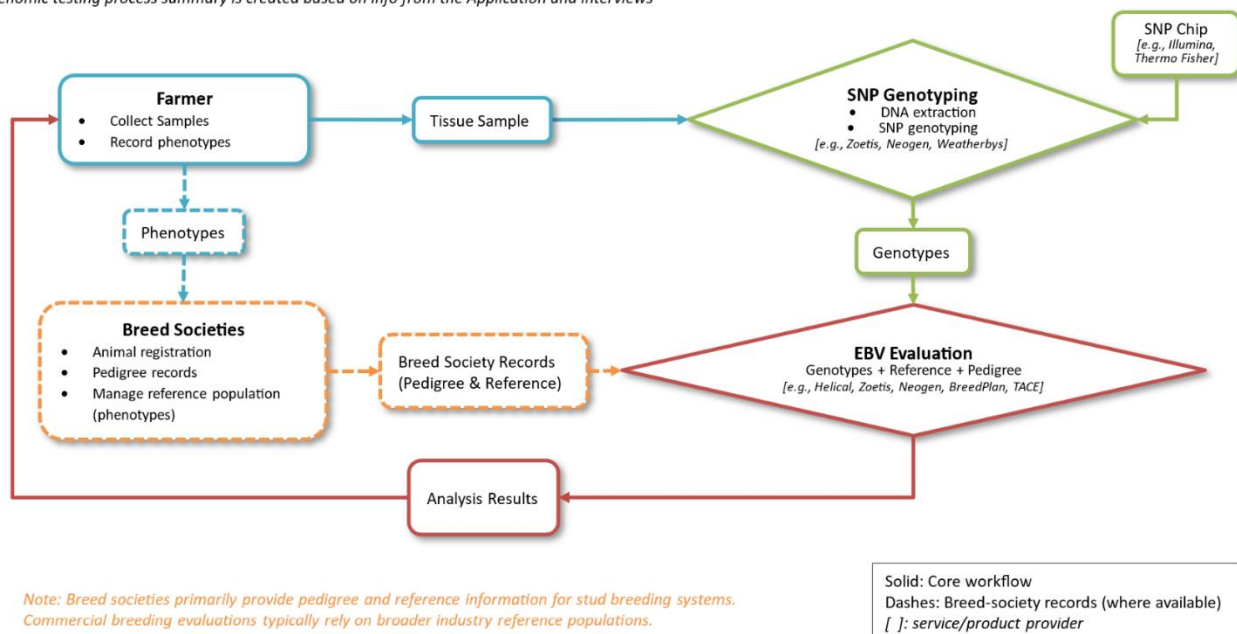
²⁴ Neogen []. See Commerce Commission interview with [].

²⁵ <https://www.angusaustralia.com.au/tace/understanding-ebvs>.

33.4.3 Once the evaluation is complete, the EBVs are shared with the breed society (and ultimately the farmer). All of the data is owned by the farmer, but the breed society will retain a copy as part of its records.

34. While it may vary, typically, the breed society (or PBB) will manage the whole process, facilitating the transport of samples to the testing laboratory, receiving the genotype results from the genomic tester, providing the genotype and phenotype data to the evaluation provider, and providing the results (EBVs) to the farmer. The farmer will pay a single bill to the breed society/PBB which will then pay the genomic tester and evaluation provider.
35. Some breed societies will have a panel arrangement of providers (eg, Zoetis, Neogen and Weatherbys). The individual farmers that belong to that breed society can choose whichever of these providers they wish. Similarly, PBB currently offers the choice of Neogen or Weatherbys.
36. Figure 1 below shows the different steps in the process:

Genomic testing process summary is created based on info from the Application and interviews



Market definition

37. Market definition is a tool that helps identify and assess the competitive constraints a merged entity is likely to face. Determining the relevant market requires us to judge whether, for example, two products are sufficiently close substitutes as a matter of fact and commercial sense to fall within the same market.²⁶ We define markets in the way that we consider best isolates the key competition issues that arise from a specific merger or acquisition. In many cases this may not require us to precisely define the boundaries of a market. What matters is that we consider all

²⁶ Mergers and Acquisitions Guidelines above n4 at [3.7]-[3.8].

relevant competitive constraints, and the extent of those constraints. For that reason, we also consider products which fall outside the market, but which still impose some degree of competitive constraint on the merged entity.²⁷

38. We are yet to form a final view on the exact scope of the relevant market(s) for assessing the competitive effects of the Proposed Acquisition. However, for the purpose of this Sol, our preliminary view is that the competition issues that may arise from the Proposed Acquisition are best assessed by defining a national market for the supply of genomic testing for beef cattle in New Zealand.
39. Our preliminary view is narrower than the narrowest market submitted by the Parties for the supply of genomic testing services in respect of livestock in Australia and New Zealand.
40. We discuss below our preliminary views on the relevant product market(s), the geographic scope, and the customer dimension.
41. We invite submissions on our current approach to market definition and for interested parties to provide us with further evidence on the scope of the relevant market(s).

Zoetis's views

42. In the Application, Zoetis identifies two possible relevant product market(s):
 - 42.1 a broader market for the supply of services to farmers to enhance trait predictions for breeding livestock (herd improvement services);²⁸ or
 - 42.2 a narrower market for the supply of genomic testing services for livestock.²⁹ In Zoetis's view, it is not appropriate to define a narrower product market than this because the technology, equipment and laboratory resources used to supply genomic testing services are largely the same, regardless of the species or breed of animal, and reference panels, technology and other equipment are readily available such that there is a high degree of supply-side substitutability between different species and breeds.³⁰
43. In relation to the relevant geographic market, Zoetis submits that most genomic testing suppliers operate globally and it is very common for animal samples collected in one country to be tested in laboratories located in other countries.³¹ As a result, Zoetis submits that, from a supply-side perspective, the relevant market is global.³²

²⁷ Section 3(1A) of the Commerce Act 1986. See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81] and Mergers and Acquisitions Guidelines above n4 at [3.7]-[3.10].

²⁸ The Application at [11.2-11.4].

²⁹ The Application at [11.1].

³⁰ The Application at [11.5].

³¹ The Application at [11.10].

³² The Application at [11.11].

Our current view

44. The conceptual framework we use when defining the relevant market in a merger involves a ‘hypothetical monopolist test’. We ask whether a hypothetical monopolist could profitably impose a small, but significant, non-transitory increase in price (a SSNIP) of at least one of a merged firm’s products or services. This will be the case when there are few good substitutes to the product or service in question.³³
45. We consider substitution by both customers and suppliers and ask, if prices increased by 5%, whether:³⁴
 - 45.1 customers would switch sufficient purchases to alternative products, services or locations so that a SSNIP is not profitable (*customer or demand-side substitution*); and/or
 - 45.2 rival firms (having observed an increase in price) would easily, profitably and quickly (generally within one year) switch production to the products, services of locations in question without significant cost so that a SSNIP is not profitable (*supplier or supply-side substitution*).
46. We may also define separate markets for different types of customers if there are customers with different supply alternatives and suppliers are able to price discriminate between customers on the basis of those differences. This may result in different product market dimensions for each customer type.
47. Regardless of the boundaries of any relevant markets, what ultimately matters is that we consider all relevant competitive constraints, and the extent of those constraints. If we define a market narrowly, we will consider competitive constraints from outside a market. If we define a broad market, we will consider how closely different suppliers compete within that broad market. A lessening of competition does not need to be felt equally across the entire market to be “substantial”. A lessening of competition in a significant section of a broader market can amount to an SLC in that market overall, provided that there is an appropriate degree of a lessening of competition in the significant section (ie, it is the degree to which competition has lessened that is critical).

Product dimension

48. The starting point for product market definition is the area(s) of overlap among the Parties, namely genomic testing for beef cattle. We then assess whether genomic testing services for other livestock, or other herd improvement services, are sufficiently close substitutes for genomic testing services for beef cattle such that they should be included within the relevant market.

³³ Mergers and Acquisitions Guidelines above n4 at [3.17]-[3.18].

³⁴ Mergers and Acquisitions Guidelines above n4 at [3.16].

49. Currently, we consider that the competition issues that may arise from the Proposed Acquisition are best assessed and isolated by defining the relevant market as the supply of genomic testing services for beef cattle.
50. Our product market assessment has focused on asking whether there are any sufficiently close substitutes for genomic testing for beef cattle based on both demand-side and supply-side factors. We discuss this below.

Demand-side substitution

51. In assessing the relevant product market(s) and the demand side substitutability of genomic testing for beef cattle, we have been considering the extent to which:
- 51.1 genomic testing for other livestock types is substitutable to genomic testing for beef cattle; and
- 51.2 beef cattle breeders consider other herd improvement methods (eg, traditional “bloodline” breeding techniques, artificial insemination via semen and/or embryo providers, semen collection and analysis, various other forms of DNA analysis, etc,) as substitutable to genomic testing.
52. Regarding whether breeders that use genomic testing services for beef cattle would switch a sufficient volume of demand to genomic testing for other livestock breeds in response to a SSNIP, current evidence indicates that beef cattle breeders are unlikely to find genomic testing for other livestock (eg, sheep) substitutable. We understand that each breed of animal has its own distinct traits or genetic conditions that differ from those of other livestock.³⁵ For example, genomic testing for dairy cattle may focus on milk production efficiency, genomic testing for beef cattle focuses on meat production and physical traits (eg, growth, body size, muscling and marbling),³⁶ and genomic testing for sheep may focus on reproduction and resilience traits (eg, lamb survival and wool quality).³⁷ Consequently:
- 52.1 the SNP chips are generally designed at the species level;³⁸ and
- 52.2 reference phenotypic data used to test traits are typically breed-specific.³⁹
53. Overall, this suggests that beef cattle breeders are unable to switch to genomic tests designed for other livestock, as the breeding traits prioritised in beef cattle differ from those prioritised in other livestock systems (eg, sheep).

³⁵ Commerce Commission interviews with [], [] and [].

³⁶ Commerce Commission interview with [].

³⁷ Sheep Industry Breeding Objectives (2022), available at: <https://www.sil.co.nz/technical/technical-notes>.

³⁸ Commerce Commission interview with [] and [] and RFI response from [].

³⁹ Commerce Commission interview with [].

54. In respect of whether other herd improvement methods are substitutable for genomic testing for beef cattle, current evidence suggests that they may not be viable alternatives. This is because:
- 54.1 market participants generally view genomic testing as the most advanced herd improvement tool with no effective substitute;⁴⁰
 - 54.2 genomic testing offers faster results (eg, early-age prediction), greater accuracy (through genomic-enhanced EBVs), improved efficiency (eg, multi-trait improvements and detection of otherwise unseen defects), and more actionable genetic insights, where achieving this with other herd improvement methods is unlikely;⁴¹ and
 - 54.3 other herd improvement services are largely complementary to genomic testing, and farmers may use a range of services and methods (including genomic testing) to gain the ‘full picture’ of their herds.⁴²
55. Based on the above, our preliminary view is that there is insufficient demand-side substitution to justify defining the market more broadly than the supply of genomic testing for beef cattle.
56. We invite submissions on the extent to which customers of beef cattle genomic testing would switch to other livestock testing and/or other herd improvement services if prices of beef cattle genomic testing service increased by 5%, and/or quality of service declined. We are particularly interested in:
- 56.1 whether or not genomic testing is a must have for farmers;
 - 56.2 the extent to which farmers would be likely to stop using genomic testing (or reduce their use of genomic testing) if the price rose or quality reduced; and
 - 56.3 recent examples of farmers switching away from beef cattle genomic testing in favour of genomic testing for other livestock and/or other herd improvement methods, including the reasons for switching and the alternative methods adopted.

Supply-side substitution

57. In assessing the relevant product market(s) and the substitutability of genomic testing for beef cattle on the supply-side, we have been considering the extent to which current genomic testing providers for other livestock would easily, quickly and

⁴⁰ Commerce Commission interviews with [], [] and [].

⁴¹ Commerce Commission interview with [], [], [], [] and [].

⁴² RFI response from [] and Commerce Commission interview with [].

profitably switch to providing genomic testing services for beef cattle without significant cost, in response to a SSNIP.

58. Although the underlying laboratory technologies used in animal genomic testing are broadly similar across livestock species, we understand that key inputs for supplying genomic testing services are generally species- and breed-specific. These inputs include SNP chips and marker panels. Accordingly, a supplier seeking to expand from genomic testing services for other livestock species (for example, sheep), or from other herd improvement services, into beef cattle genomic testing would generally need access to beef cattle-specific testing inputs and capabilities.⁴³
59. Beef cattle genomic testing requires access to SNP chips or marker panels that are specific to beef cattle. We currently understand that there may be some supply side limitations in accessing the beef cattle SNP chips:
 - 59.1 to develop beef cattle-specific SNP chips or marker panels, there are potentially high upfront SNP chip development costs ranging from \$35,000 to \$75,000 to add to or modify an existing cattle SNP chip,⁴⁴ to \$1m (to develop a SNP chip from scratch);⁴⁵
 - 59.2 development costs could be reduced by the use of off-the-shelf standard chips, but these may be less optimised for the relevant population than bespoke chips,⁴⁶ and the cost of them is unclear at the current stage;
 - 59.3 switching to beef cattle SNP chips may require sufficient testing volumes to justify investment and achieve cost competitiveness;⁴⁷
 - 59.4 the current market position of the merging parties, as the major providers in New Zealand, may make it difficult for new entrants to achieve the beef cattle testing scale necessary to support such investment and the ongoing operating costs;⁴⁸ and
 - 59.5 suppliers need to validate new beef cattle SNP chips and associated beef cattle-specific testing processes before they can switch to supplying beef cattle genomic testing services.⁴⁹
60. As the Parties do, in some cases, offer customers the animal evaluation as well as the genomic testing, we have also considered whether access to reference population datasets and evaluation models may affect supply-side substitution. We understand

⁴³ Providers of other herd improvement services would likely also have to acquire a laboratory and related equipment to process SNP chips.

⁴⁴ Commerce Commission interview with [].

⁴⁵ Commerce Commission interview with [].

⁴⁶ Commerce Commission interview with [].

⁴⁷ RFI response from [].

⁴⁸ RFI response from [] and Commerce Commission interview with [].

⁴⁹ Commerce Commission interview with [] and RFI response from [].

that there may be some alternative mechanism for genomic testing providers of other livestock to access the reference population datasets, however, the development of SNP chips for beef cattle may still limit supply-side substitution. We are continuing to consider whether or not access to evaluation services (and to reference population datasets) is important in switching from providing genomic testing services for other types of livestock, to cattle.

61. Our preliminary view is that there is insufficient supply-side substitutability, particularly in relation to SNP chips, to justify defining the market more broadly than the supply of genomic testing for beef cattle.
62. We invite submissions on the extent to which suppliers of other livestock genomic testing services or other herd improvement services would easily, profitably, and quickly switch or expand their operations to supply beef cattle genomic testing if prices of beef cattle genomic testing service increased by 5%, and/or quality of service declined. For supply side substitution we are particularly interested in:
 - 62.1 the extent to which existing off-the-shelf SNP chips can be used to supply beef cattle genomic testing services and whether these chips are substitutable to bespoke SNP chips;
 - 62.2 the time and cost associated with developing, acquiring, and validating beef cattle-specific SNP chips before supplying beef cattle genomic testing services (eg, for off-the-shelf vs bespoke chips);
 - 62.3 the extent to which economies of scale (including testing volumes and customer base) affect the commercial viability of supplying beef cattle genomic testing services, including the minimum efficient scale required for a supplier to compete effectively;
 - 62.4 whether the contractual arrangements between industry bodies, genomic testing providers, breed societies and/or evaluation providers in relation to data access and ownership may impose some constraints for other livestock genomic testing providers seeking to start offering genomic testing for beef cattle; and
 - 62.5 where access to third-party reference populations and/or genomic evaluation models is required, and the time and cost associated with obtaining such access.

Geographic dimension

63. In the Application, Zoetis submits that the relevant geographic market(s) for assessing the competitive effects of the Proposed Acquisition are global from a supply-side perspective.⁵⁰

⁵⁰ The Application [11.11].

64. Zoetis further submits that the relevant market extends beyond a national geographic scope, on the basis that New Zealand farmers procure genomic testing services for beef cattle from both AngusNZ and Angus Australia.⁵¹
65. For the geographic market dimension, we assess whether supply from different locations are sufficiently close substitutes to be in the same market.
66. Our starting point for assessing the relevant geographic market dimension is the location of customers, namely New Zealand. We have been considering the extent to which New Zealand breeders would obtain comparable and reliable outcomes when switching to overseas providers that are not currently active in New Zealand.
67. Currently, we consider the competition issues that may arise from the Proposed Acquisition are best assessed by defining the geographic scope of the market as New Zealand. This is because breeders request genomic testing from New Zealand-based sales representatives or agents, irrespective of whether the samples are tested in overseas laboratories.⁵²
68. We have received evidence that genomic testing can technically be supplied by offshore providers without establishing a presence in New Zealand.⁵³ However, the effectiveness and substitutability of such services is likely to depend on their relevance to New Zealand conditions. In particular:
- 68.1 The utility of genomic testing is closely linked to its applicability to New Zealand livestock conditions.
- 68.2 Market participants noted that accurate genomic testing requires access to a New Zealand-based reference population to develop the most accurate and tailored SNP chips, and to calculate the best EBVs. Reliance on overseas reference populations may reduce the accuracy of test results.⁵⁴
- 68.3 Some market participants noted that an on the ground sales presence is beneficial.⁵⁵
69. Based on the above, our current view is that overseas genomic testing services are unlikely to be sufficiently close substitutes for those currently operating in the New Zealand market, due to the importance of New Zealand-specific information and having some form of presence in New Zealand.
70. We invite submissions and evidence on whether the geographic market is New Zealand wide or global (as suggested by the Parties).

⁵¹ The Application [11.12].

⁵² Commerce Commission interviews with [] and [].

⁵³ RFI response from [].

⁵⁴ Commerce Commission interviews with [] and [] and RFI response from [].

⁵⁵ Commerce Commission interview with [] and RFI response from [].

Customer dimension

71. For the customer dimension, we assess whether suppliers could price discriminate across customers because their competitive alternatives vary.
72. Where suppliers price discriminate across customers, we consider whether to define markets based on particular uses of the product or the requirements of particular groups of customers.
73. The Parties supply genomic testing to different types of farmers in New Zealand (eg, stud farmers and commercial farmers) through different channels (eg, via agents and sales representatives).
74. When assessing whether it is appropriate to define distinct customer markets for the supply of genomic testing services, we have been considering whether suppliers have the ability to price discriminate and vary service levels across customers because their competitive alternatives vary, either due to their size/characteristics as a customer or what customers may view as substitutes for genomic testing.
75. We currently understand that beef cattle genomic testing is provided to different groups of customers, although the intensity of demand may vary across different customers.
 - 75.1 The demand for genomic testing services is at this stage higher among stud breeders compared to commercial breeders.⁵⁶ This is because we understand that stud breeders play a more critical role in genetic progression within the industry.⁵⁷ While providers generally offer different products to stud and commercial breeders, the key distinction appears to be the level of precision. Stud breeders typically receive more accurate genomic predictions linked to specific reference populations to support breeding decisions, whereas tests supplied to commercial breeders may be more generic and/or analysed using a broader reference population.⁵⁸
76. We understand that stud breeders may be unlikely to stop purchasing genomic testing since it is an important tool for breeding decisions, while some commercial breeders may be more price sensitive. Our preliminary view is that at this point commercial breeders may account for a relatively small proportion of demand for genomic testing services, which makes it unclear whether a SSNIP would be defeated by commercial breeders. However, we invite submissions on whether we should consider this further. In particular:
 - 76.1 the extent to which suppliers can price discriminate between customer groups, including whether customers face different pricing, terms or service offerings based on their genomic testing requirements; and

⁵⁶ Commerce Commission interviews with [], [], [] and [].

⁵⁷ Commerce Commission interview with [].

⁵⁸ Commerce Commission interview with [].

- 76.2 the extent to which any groups of customers (eg, stud farmers vs commercial farmers, large vs small customers) face different supply options.

With and without scenarios

77. Assessing whether a substantial lessening of competition is likely requires us to:
- 77.1 compare the likely state of competition if the Proposed Acquisition proceeds (the scenario with the acquisition, often referred to as the factual) with the likely state of competition if it does not (the scenario without the acquisition, often referred to as the counterfactual); and
 - 77.2 determine whether competition is likely to be substantially lessened by comparing those scenarios.

With the Proposed Acquisition

78. With the Proposed Acquisition, Zoetis would acquire the Neogen Genomics Business. Neogen's genomic testing products are currently distributed in New Zealand by PBB. [].
79. We are considering the extent to which PBB's (and Weatherbys') incentives would change with the Proposed Acquisition, and how that will impact competition in the relevant markets. We welcome submissions on this point.

Without the Proposed Acquisition

80. For the purposes of this Sol, we have assessed the Proposed Acquisition against a without the merger scenario in which Neogen remains an independent competitor in the relevant market(s) and PBB continues to distribute both Neogen and Weatherbys' genomic testing products.

Unilateral effects – overview

81. Unilateral effects arise when a firm merges with a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that the merged firm can reduce quality or profitably increase price above the level that would prevail without the merger without the profitability of that increase being thwarted by rival firms' competitive responses.⁵⁹
82. In the following sections we assess whether unilateral effects are likely to arise from the Proposed Acquisition by considering:
- 82.1 the closeness of competition between the Parties; and

⁵⁹ Mergers and Acquisitions Guidelines above n4 at [3.62].

- 82.2 the likely constraint that the merged entity would face following the Proposed Acquisition. This includes discussions on:
- 82.2.1 the degree of constraint that existing competition would impose on the merged entity;
 - 82.2.2 how easily rivals could enter and/or expand;
 - 82.2.3 the countervailing power of customers in the relevant market.

Summary of Zoetis's views

83. In the Application, Zoetis submits that the Proposed Acquisition would not be likely to substantially lessen competition in the relevant market due to unilateral effects because:⁶⁰
- 83.1 Zoetis currently faces constraint from existing suppliers of genomic testing services in Australia and New Zealand, and, significantly, from the need to win customers by convincing them to use genomic testing services in the first place, and the Proposed Acquisition will not lessen those competitive pressures;
 - 83.2 there are a large number of suppliers globally who could readily expand into New Zealand;
 - 83.3 there are no barriers to customer switching;
 - 83.4 large breed societies have a pivotal influence in providing a route to market and can and do sponsor new entry;
 - 83.5 barriers to entry or expansion are low, with no need for a laboratory or significant 'on the ground' investment in New Zealand, and significant supply-side substitutability between species given the standardised nature of genomic testing services; and
 - 83.6 the Proposed Acquisition will not (and could not) raise barriers to entry in any market, including because neither Zoetis nor Neogen own any key inputs required for successful entry and operation at scale.

Summary of our current view

84. At this stage, the evidence we have gathered shows the merging parties are each other's closest competitors. We also consider that the degree of constraint from an existing competitor or the possibility of entry and expansion are likely to be insufficient to constrain the merged entity. Further, we are not satisfied that any countervailing power customers possess would be sufficient to constrain the merged entity.

⁶⁰ The Application at [12.1] and discussed in further detail from [12.3-12.38].

Closeness of competition between the Parties

85. The evidence we have gathered to date shows that Zoetis and Neogen are the two key providers, and each other's closest competitor, for the supply of genomic testing for beef cattle in New Zealand. The Proposed Acquisition would remove this competition.
86. As discussed above, most of the competition between Zoetis and Neogen appears to be for genomic testing only, the results of which are then used in the calculation of EBVs by an evaluation provider. However, there may also be competition between Zoetis and Neogen to provide evaluation services, because we understand that Zoetis and Neogen both offer some evaluation services using global reference (non-New Zealand specific) data.⁶¹
87. As regards genomic testing, the Parties:
- 87.1 both offer their testing services to customers throughout New Zealand, with all testing undertaken at offshore laboratories;
 - 87.2 have products/services that cater for both stud (seedstock) farmer and commercial farmer customers; and
 - 87.3 test for broadly the same types of traits at similar levels of price and quality (even though there may be some differences in the exact nature or number of traits each are testing for).
88. Until recently, Zoetis and Neogen were the only providers of genomic testing for beef cattle in New Zealand. This is no longer the case with Weatherbys recently entering the New Zealand market.⁶² However, the evidence gathered to date indicates that, despite Weatherbys' recent entry, the current combined market share of the Parties is substantial.⁶³ For example, in 2025, Zoetis estimates it completed [] tests for beef cattle in New Zealand, while Neogen supplied [] tests for beef cattle.⁶⁴ In comparison, we understand that (as of May 2026) Weatherbys has only supplied [] genomics tests for beef cattle since its entry.⁶⁵
89. There are differences between Zoetis and Neogen's distribution methods in New Zealand. Zoetis offers its genomic testing services directly to customers (often via breed societies), while Neogen's genomic testing services are offered and marketed to customers by PBB (who now also markets Weatherbys' services). This dynamic is relevant to the nature of competition between the Parties, but we do not consider it

⁶¹ As noted above, we understand that Neogen []. See Commerce Commission interview with [].

⁶² We discuss further below, and invite submissions on, the likely constraint Weatherbys currently provides and is likely to provide in the future.

⁶³ Commerce Commission interviews with [], [] and [].

⁶⁴ The Application at [12.4].

⁶⁵ Commerce Commission interview with []. We discuss further below the potential for Weatherbys to expand in New Zealand in future.

means they are not currently each other's closest competitor for the supply of genomic testing services for beef cattle. In summary, this is because:

- 89.1 while PBB facilitates the supply of Neogen's genomic testing services in New Zealand, it is not an independent competitor to Zoetis or Weatherbys. PBB is effectively a distributor of Neogen's genomic testing services and its success is reliant on Neogen's (and now Weatherbys') underlying product/service; and
 - 89.2 despite its route to market, Neogen remains responsible for delivering the genomic testing services and for any associated innovation/product development.
90. We have also heard that, for various reasons, customers can be relatively sticky and that switching between genomic testing providers is not common. As discussed further below, we understand that this stickiness is primarily due to farmers being loyal to their existing provider, or because they consider that switching providers may impact their ability to compare EBV results. In this respect, competition between the Parties appears likely to be most intense for new customers that do not yet have a preferred provider, which may be particularly relevant in this instance given the uptake of genomic testing services appears to be growing.
91. Overall, we consider that Zoetis and Neogen are the two key suppliers of genomic testing for beef cattle in New Zealand and are likely to be each other's closest competitor. We invite submissions on this view, as well as feedback on the nature and intensity of the competition between them. In particular, we welcome submissions and examples on:
- 91.1 how closely Zoetis and Neogen compete for the supply of genomics testing for beef cattle in New Zealand;
 - 91.2 what dimension of competition is most important in this industry (eg, price, quality, service, other);
 - 91.3 the extent to which Zoetis and Neogen are competing to supply evaluation services on genotyping data (rather than just genomic testing);
 - 91.4 the extent to which Zoetis and Neogen are actively seeking to win existing customers off each other (as well as the frequency within which this occurs and any specific examples that can be provided of customers switching between them);
 - 91.5 the extent to which Zoetis and Neogen are actively seeking to win new customers as the market grows and uptake of genomic testing increases;
 - 91.6 whether Zoetis and Neogen compete more or less closely for different types of customers (eg, stud (seedstock) farmers and commercial customers); and

92. We are currently not satisfied that constraint from Weatherbys, the only existing competitor for genomic testing for beef cattle in New Zealand, would be sufficient to constrain the merged entity in the relevant market(s).
93. Weatherbys is a recent entrant to the market for genomic testing for beef cattle in New Zealand. Weatherbys is a global genomics testing company based in Ireland, and in New Zealand its genomic testing for beef cattle is available through PBB.
94. While market participants generally had a favourable view of Weatherbys and noted that it is a large global organisation that should have the ability to compete,⁶⁶ the feedback we received suggests that its recent entry has had a limited impact on competition for the supply of genomic testing for beef cattle in New Zealand:
 - 94.1 We understand that there has so far been little to no uptake of Weatherbys' genomic testing for beef cattle by customers in New Zealand.⁶⁷
 - 94.2 The evidence before us currently suggests that Weatherbys has been less competitive in New Zealand compared to Australia and the United States. Market participants told us that Weatherbys has priced itself competitively in Australia and the United States, and there is some evidence to suggest that this has prompted competitive responses from Zoetis and Neogen in the form of lower prices.⁶⁸ By contrast, in New Zealand, we understand that Weatherbys is priced slightly higher than Neogen.⁶⁹
 - 94.3 We have received mixed feedback on whether Weatherbys offers the same range of genomic beef cattle tests as Zoetis and Neogen.⁷⁰ While one market participant told us that there is an important test Weatherbys does not offer, another told us that Weatherbys' testing is similar to the merging parties, with Weatherbys recently increasing the range of tests it offers.⁷¹
95. We acknowledge that Weatherbys has only been operating in New Zealand for less than a year and that uptake from customers may be affected by the time of year Weatherbys entered and the potential for there to be some seasonality associated with testing.⁷²

72 Commerce Commission interview with [REDACTED].

96. While customers do not appear closed off to Weatherbys, some customers noted that in order to be competitive Weatherbys would need to be quicker in terms of turnaround time for testing, or cheaper.⁷³ As discussed later in this Sol, customers appear to be 'sticky' and are likely to remain with their current testing provider unless they are given a meaningful reason to switch. While PBB may be able to assist in growing Weatherbys' presence in New Zealand, it is currently unclear whether Weatherbys can provide a competitive reason for farmers to change providers and constrain the merged entity. It is also unclear []. Further, a few market participants noted that the market incumbency of Zoetis and Neogen may affect Weatherbys' ability to compete.⁷⁴
97. We invite submissions on:
- 97.1 the extent to which Weatherbys is likely to impose a competitive constraint on the merged entity;
 - 97.2 the extent to which customers view Weatherbys as a genuine alternative to the Parties;
 - 97.3 what would cause customers to start using Weatherbys' services instead of Zoetis or Neogen;
 - 97.4 whether there are any factors that would limit the propensity of customers to switch to Weatherbys, such as trust in existing service providers and their quality, established relationships, existing processes and/or being less known in the farming community;
 - 97.5 how Weatherbys compares to the Parties in terms of price, service and traits tested for;
 - 97.6 Weatherbys' intentions in New Zealand and its plans for growth;
 - 97.7 whether there is a seasonality to genomics testing for beef cattle, and how this might affect the uptake of Weatherbys testing products; and
 - 97.8 any competitive responses from the Parties to Weatherbys' entry in New Zealand.

⁷³ Commerce Commission interviews with [] and []. One market participant noted that Weatherbys has developed a system whereby all genetic conditions are tested for upfront, so customers that require additional testing done after the first round of tests can simply pay extra to receive the results for that condition, rather than requiring a new sample to be sent off (Commerce Commission interview with []). This market participant thought that this had the potential to be an efficient improvement for the industry.

⁷⁴ Commerce Commission interview with [] and RFI response from [].

Barriers to entry and expansion

98. We assess whether entry by new competitors or expansion by existing competitors is likely to be sufficient in extent and in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the 'LET test'.⁷⁵
99. We are not currently satisfied that entry by new entrants, or expansion from Weatherbys, would be likely, sufficient and timely to prevent an exercise of market power by the merged entity in the supply of genomic testing for beef cattle.

Conditions of entry and expansion

100. In order to begin providing genomics testing services and attempt to compete for customers, we understand that a new entrant would require:
- 100.1 A SNP chip capable of testing beef cattle.⁷⁶ While we understand that 'off-the-shelf' SNP chips can be purchased from companies such as Illumina and ThermoFisher, a generic chip may be less optimised for a particular population compared to a bespoke chip that includes a greater number of data points or traits, or is otherwise better for local genetics.⁷⁷ One genomics testing provider that does not currently offer testing for beef cattle estimated that the associated R&D could take 6-12 months.⁷⁸
- 100.2 A laboratory capable of processing the SNP chips, including the necessary equipment such as a sequencer or a PCR machine.⁷⁹ There does not appear to be a requirement for a laboratory to be based in each country where testing is supplied given that none of the existing genomic testing providers for beef cattle in New Zealand have a lab based in New Zealand.
- 100.3 A relationship with an evaluation provider such as BREEDPLAN to confirm that the SNP chips are accurate and capable of calculating EBVs.⁸⁰
- 100.4 Access to breed societies' or evaluation providers' databases for initial development/validation of the SNP chips to confirm their accuracy and ability to test for the relevant genetic traits or as a means of updating SNP chips over time as more genetic traits are revealed or as genetics change.⁸¹

⁷⁵ Mergers and Acquisitions Guidelines above n4 at [3.95].

⁷⁶ Alternatively, we understand that a potential alternative to testing using SNP chips is by using sequencing methods.

⁷⁷ Commerce Commission interview with [].

⁷⁸ RFI response from [].

⁷⁹ Commerce Commission interview with [] and RFI response from [].

⁸⁰ Commerce Commission interviews with [] and [].

⁸¹ Commerce Commission interviews with [], [] and [] and RFI responses from [] and [].

101. Given these requirements, we consider the most likely entrant would be an overseas firm, such as Weatherbys, that already possesses the key assets.
102. However, some third parties we have spoken to also noted that some potential entrants would require securing sufficient customer volumes prior to entering to justify the investment.⁸² We consider that this is likely to present a more significant barrier to entry for some potential entrants rather than others (recognising that, as we understand it, Weatherbys did not enter New Zealand with guaranteed customer volumes). However, achieving sufficient volumes may be impacted by customer switching behaviours.
103. Genomics testing for beef cattle appears to be an industry in which customers do not shop around or frequently switch suppliers. One market participant described customers as “sticky” and “very loyal”,⁸³ while others described the market as “lethargic”⁸⁴ or one in which there is low churn, with customers only switching if they are given a reason to.⁸⁵ We did however receive some evidence to suggest that customers would switch providers if there was a reduction in service (eg, if the time taken to receive genomics testing results increased)⁸⁶ or if prices rose.⁸⁷
104. We are still considering the extent to which a farmer’s ability to switch testing providers presents a barrier to both entry and expansion. We have received mixed evidence on ability of customers to compare EBV results between different genomic testing providers due to potential differences in some of the genetic traits tested for, with one customer raising concerns⁸⁸ however some market participants consider that there are no barriers to switching.⁸⁹
105. We have heard that control and/or ownership of data may place some form of restriction on a farmer’s ability to switch providers.⁹⁰ We have however also heard that the emergence of a data storage platform from Helical may increase a farmer’s ability to switch providers while retaining the ability to compare results between them.⁹¹

⁸² Commerce Commission interviews with [] and RFI response from [].

⁸³ Commerce Commission interview with [].

⁸⁴ Commerce Commission interview with [].

⁸⁵ Commerce Commission interview with [].

⁸⁶ Commerce Commission interview with [] and RFI response from [].

⁸⁷ Commerce Commission interviews with [] and [] and RFI response from [].

⁸⁸ Commerce Commission interview with [].

⁸⁹ Commerce Commission interviews with [] and [] and RFI response from [].

⁹⁰ Commerce Commission interviews with [] and [].

⁹¹ Commerce Commission interviews with [] and [].

106. We invite submissions on:
- 106.1 the costs required to enter, and the likely length of time it would take for a new entrant to begin offering genomics testing for beef cattle at the required scale to offer a viable competitive alternative to the merged entity;
 - 106.2 examples of successful new entry into markets for genomics testing for beef cattle in overseas countries in recent years;
 - 106.3 any barriers to customers switching genomics testing providers;
 - 106.4 the extent to which customers are 'sticky' to a particular genomics testing provider, and why;
 - 106.5 the extent to which customers can compare EBV results between genomics testing providers if they switch providers; and
 - 106.6 the extent to which access to any genomics testing data presents a barrier to switching.

Our assessment of the likelihood of entry

107. We are currently not satisfied that new entry would be likely to prevent an exercise of market power by the merged entity in the supply of genomic testing services for beef cattle.
108. We have received mixed evidence on the attractiveness of new entry. In Zoetis and Neogen's view (supported by a number of third parties), there are plenty of new genomic testing customers that remain available to capture, and that the uptake of genomic testing is on the rise.⁹² We have heard from numerous market participants that the uptake of genomics testing among beef cattle farmers is low, and that this is particularly so for commercial beef cattle farmers.⁹³
109. If the market is indeed growing, then it may mean that there are a sufficient number of contestable prospective customers to capture to incentivise entry. That being said, we also note that the Parties may have a first-mover advantage in capturing new customers as a result of their established commercial relationships and brand loyalty. This, combined with genomic testing customers being sticky, may mean it is harder for a new entrant to gain market share and compete effectively. Post-acquisition, there may also be a perception that entering the market is not an attractive proposition given the merged entity would likely constitute a near monopoly in the supply of genomic testing for beef cattle.
110. We recognise that Weatherbys has recently entered the market by offering genomic testing for beef cattle through PBB, which illustrates that new entry can occur and that barriers to entry are not insurmountable. However, we do not consider we have

⁹² Commerce Commission interview with Neogen (24 June 2026) and the Application at [8.1]-[8.2].

⁹³ Commerce Commission interviews with [] and [] and RFI response from [].

sufficient evidence at this stage to be satisfied that there would likely be further entry in a manner that would satisfy the LET test:

110.1 [

94

].

110.2 [

95

].

110.3 [

].⁹⁶

⁹⁴ [].

⁹⁵ [].

⁹⁶ RFI response from [].

110.4 [], [] and [] informed the Commission that they have no current plans to enter the beef genomics market.⁹⁷

110.5 Market participants told us that they were not aware of any other potential overseas providers of genomic testing for beef cattle that could enter New Zealand.⁹⁸

111. Given new entry is only a mere possibility rather than likely, we are therefore currently not satisfied that the threat of new entry would be a sufficient constraint on the merged entity post-acquisition. As at this point, we consider that new entry in a manner that satisfies the LET test is not likely, we have not gone on to consider whether any entry would be sufficient in extent and timely.

112. We invite submissions on:

112.1 the extent to which the Parties have first mover advantage in the supply of genomics testing for beef cattle in New Zealand, and how this might impact any potential new supplier's ability to compete effectively;

112.2 whether there is sufficient demand in New Zealand for genomics testing for beef cattle that new entry would be attractive to a prospective new entrant;

112.3 overseas providers of genomics testing for beef cattle that could enter New Zealand; and

112.4 the extent of entry that would be necessary to provide a competitive constraint on the merged entity post-acquisition.

Our assessment of the likelihood of expansion

113. We are not yet satisfied that any expansion by Weatherbys is likely to be sufficient to constrain the merged entity. Due to previously described market conditions, Weatherbys may face challenges in either winning new customers or convincing existing genomics testing users to switch suppliers. We consider that it is likely to particularly face challenges in the latter scenario given the apparent stickiness of customers.

114. Weatherbys may also struggle to grow its market share unless it can be competitive on price or offer a point of difference to other providers. Although its entry is still in its early days, as set out earlier we have yet to see any evidence that Weatherbys has been able to do this in New Zealand, or that it intends to compete meaningfully with the Parties. In the absence of this, we are unable to place much weight on potential expansion from Weatherbys.

⁹⁷ RFI responses from [] and [] and Commerce Commission interview with [].

⁹⁸ Commerce Commission interviews with [], [] and [].

115. We are therefore not currently satisfied that expansion by Weatherbys would be sufficient to act as a material constraint on the merged entity. As noted in the section discussing the with the merger scenario, it is currently unclear whether the merged entity will [].
116. We invite submissions on the likelihood of Weatherbys expanding and the extent to which it is able to provide a viable alternative for customers requiring genomics testing for beef cattle.

Countervailing power from customers

117. A merged entity's ability to profitably increase prices may be constrained by certain customers' ability to exert substantial influence on negotiations. Countervailing power is more than the ability of customers to switch from a merged entity to competing suppliers, and the size and importance of a customer is also not sufficient by itself to amount to countervailing power. Rather, countervailing power exists when a customer possesses a special ability to substantially influence the price the merged entity charges, such as by sponsoring entry or self-supplying.⁹⁹
118. In this case, any countervailing power appears most likely to be held by PBB or breed societies (rather than individual farmers).
- 118.1 As described above, PBB is a service company providing breed societies and farmers with a range of administrative and management services including registration, marketing and catalogue design, beef evaluation and genomic testing. As the current route to market for both Neogen and Weatherbys, it plays an important role in the supply of genomics testing for beef cattle in New Zealand.
- 118.2 Breed societies also play an important role in the genomics testing supply chain. They:
- 118.2.1 are generally the custodians of the reference population data that is used alongside genotyping data to calculate EBVs;
- 118.2.2 are responsible for any rules/regulations their members must follow (such as whether genomic testing is voluntary or compulsory); and
- 118.2.3 will often have a list of approved providers of genomics testing their members can use.
119. We are still considering whether the market position of PBB and/or breed societies would give them sufficient countervailing power to constrain the merged entity. Here, we consider the most likely form of countervailing power by these parties would be:

⁹⁹ Mergers and Acquisitions Guidelines above n4 at [3.113-3.115].

- 119.1 taking steps that reduce the merged entity's sales in New Zealand by, for example, encouraging or directing members to use Weatherbys' (or another provider's) genomic testing services for beef cattle instead of the merged entity's services; and/or
- 119.2 sponsoring/supporting entry by a new genomics testing provider for beef cattle.
120. Based on the evidence gathered to date, we are not currently satisfied that PBB and/or breed societies would have sufficient countervailing power to constrain the merged entity.
- 120.1 While breed societies play an important role in the genomics testing supply chain, farmers are the ultimate decision makers for which genomics testing provider they wish to use, and breed societies do not typically dictate which provider its members must use for testing.¹⁰⁰ We have also heard that any attempts to do so may result in backlash from members, who may have preferred providers, or be unsuccessful.¹⁰¹
- 120.2 The ability of PBB and/or breed societies to sponsor/support new entry would depend on the availability of any potential entrants. The evidence received to date is mixed on this. Some industry participants consider there may not be any global players with the appetite to enter, particularly given the small size of the New Zealand market.¹⁰² However, another industry participant thought that PBB may be able to sponsor entry given its intermediary role, and that a breed society like AngusNZ would likely be able to contact any provider and ask if it would like to work with it.¹⁰³
- 120.3 While sponsorship by PBB and/or breed societies may ease entry by providing exposure to customers and ensuring access to relevant reference data, it would not remove the other steps required to enter such as product (SNP chip) development and a laboratory the SNP chips can be sent to for analysis. These would remain the responsibility of the genomics testing provider and so the provider would still need to have the ability and incentive to undertake and maintain this investment.
121. The ability to exercise countervailing power would also likely be limited to large breed societies with higher volumes of members using genomics testing, and it is unclear whether any countervailing power to protect their own position would be sufficient to constrain the merged entity's ability to increase prices across the remainder of the market (ie, for other breed societies and their customers). Further,

¹⁰⁰ Commerce Commission interviews with [], [], [], and [].

¹⁰¹ Commerce Commission interviews with [] and [].

¹⁰² Currently, revenue from the Parties' combined beef cattle genomic testing (which represents the vast majority of sales in NZ) is approximately NZD\$[]. The Applicant estimates that this represents approximately []% of the addressable market. The Application at [8.1]. Commerce Commission interviews with [] and [].

¹⁰³ Commerce Commission interview with [].

a merger that removes a supplier that was an important alternative for that customer will usually reduce that customer's negotiating power.¹⁰⁴

122. It is also unclear based on current evidence whether any existing ability to sponsor/support new entry has a disciplining effect on the Parties at current competitive levels. We understand that

[

].¹⁰⁵

[

].¹⁰⁶

123. We invite submissions on the likely degree of countervailing power that PBB, breed societies or any other parties would be likely to have. In particular, we welcome submissions and examples on:

123.1 the likely ability and incentive for PBB and/or breed societies to encourage or direct members to use Weatherbys' (or another provider's) genomic testing services for beef cattle, as well as the likely success of such an approach;

123.2 how influential PBB or breed societies are on individual farmers' decisions on which genomics testing provider to use;

123.3 whether or not being custodians for the reference population data used in calculating EBVs gives breeding societies the ability to exert material influence on negotiations with Zoetis and Neogen, and if so, how;

123.4 the current or future ability of PBB and/or breed societies to sponsor/support new entry;

123.5 any overseas providers of genomics testing for beef cattle, or domestic providers of genomic testing for other livestock, that could be potential targets for sponsorship/support; and

123.6 the extent to which any sponsorship/support of a new entrant would discipline the merged entity's offering (including any past examples where sponsorship/support has led to competitive responses by Zoetis or Neogen).

Next steps in our investigation

124. We are currently scheduled to decide whether or not to give clearance to the Proposed Acquisition by **15 September 2026**. However, this date may be extended with the agreement of Zoetis if the material before the Commission at that time does not allow it to be satisfied that the Proposed Acquisition will not have, or would not

¹⁰⁴ Mergers and Acquisitions Guidelines above n4 at [3.116].

¹⁰⁵ Commerce Commission interview with [].

¹⁰⁶ Commerce Commission interview with [].

be likely to have, the effect of substantially lessening competition in a market in New Zealand.¹⁰⁷

125. As part of our investigation, we will be identifying and contacting parties that we consider will be able to help us assess the issues identified above.

Making a submission

126. We are continuing to undertake inquiries and seek information from industry participants about the impact of the Proposed Acquisition. We welcome any further evidence and other relevant information and documents that Zoetis, Neogen or any other interested parties are able to provide regarding the issues identified in this Sol.
127. In Attachment A, we summarise the matters that we are interested in receiving submissions on.
128. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference 'Zoetis/Neogen' in the subject line of your email, or by mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **10 August 2026**. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.
129. Please clearly identify any confidential information contained in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on our website.
130. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information.

¹⁰⁷ The Commission maintains a clearance register on our website at <http://www.comcom.govt.nz/clearances-register/> where we update any changes to our deadlines and provide relevant documents.

Attachment A: Matters on which we are interested in receiving submissions

Market/issue	Matters/Questions	
Market Definition	General	• We invite submissions on our current approach to market definition and for parties to provide us with further evidence on the scope of the relevant market(s).
	Product dimension	• The extent to which genomic testing for other livestock types are substitutable to genomic testing for beef cattle. • The extent to which breeders consider other herd improvement methods are substitutable to genomic testing. • The extent to which current genomic testing providers for other livestock, and other herd improvement services providers, would easily, quickly and profitably switch to providing genomic testing services to beef cattle without significant cost in response to SSNIP. • The extent to which existing off-the-shelf SNP chips can be used to supply beef cattle genomic testing services, compared with bespoke SNP chips, including differences in functionality, customer acceptance and compatibility with breed societies or evaluation systems. • The time and cost with developing, acquiring, and validating beef cattle-specific SNP chips before supplying beef cattle genomic testing services. • The extent to which economies of scale (including testing volumes and customer base) affect the commercial viability of supplying beef cattle genomic testing services. • The extent to which relationships, accreditation, approvals or commercial arrangements with breed societies, evaluation providers or industry bodies are required to supply beef cattle genomic testing services in New Zealand may contribute to supply side limitations. • Where access to third-party reference populations and/or genomic evaluation models is required, the time and cost associated with obtaining such access.

		• Whether or not genomic testing is a must have for farmers. • The extent to which farmers would be likely to stop using genomic testing (or reduce their use of genomic testing) if the price rose or quality reduced.
	Geographic dimension	• The extent to which farmers can obtain comparable and reliable outcomes when switching to overseas providers.
	Customer dimension	• The extent to which suppliers can price discriminate between customer groups, including whether customers face different pricing, terms or service offerings based on their genomic testing requirements.
The with and without the merger scenarios	General	• The extent to which the Proposed Acquisition impacts PBB's incentives to continue to distribute Neogen and Weatherbys testing products. • We invite submission from Zoetis on its plans for the PBB relationship with the Proposed Acquisition, including whether it intends to continue to distribute testing through PBB.
Unilateral effects	Closeness of competition between Zoetis and Neogen	• How closely Zoetis and Neogen compete for the supply of genomics testing for beef cattle in New Zealand. • What dimension of competition is most important in this industry (eg, price, quality, service, other). • The extent to which Zoetis and Neogen are competing to supply evaluation services on genotyping data (rather than just genomic testing). • The extent to which Zoetis and Neogen are actively seeking to win existing customers off each other (and the frequency within which this occurs). • The extent to which Zoetis and Neogen are actively seeking to win new customers as the market grows and uptake of genomic testing increases. • Whether Zoetis and Neogen compete more or less closely for different types of customers (eg, stud (seedstock) farmers and commercial customers). • The extent to which Neogen's route to market (through PBB) impacts the closeness or nature of competition between Zoetis and Neogen.

	Existing competition	• The extent to which Weatherbys is likely to impose a competitive constraint on the merged entity. • The extent to which customers view Weatherbys as a genuine alternative to the Parties. • What would cause customers to start using Weatherbys' services instead of Zoetis or Neogen. • Whether there are any factors that would limit the propensity of customers to switch to Weatherbys, such as trust in existing service providers and their quality, established relationships, existing processes and/or being less known in the farming community. • How Weatherbys compares to the Parties in terms of price, service and traits tested for. • Weatherbys' intentions in New Zealand and its plans for growth. • Whether there is a seasonality to genomics testing for beef cattle, and how this might affect the uptake of Weatherbys testing products. • Any competitive responses from the Parties to Weatherbys' entry in New Zealand.
	Entry	• The costs required to enter, and the likely length of time it would take for a new entrant to begin offering genomics testing for beef cattle at the required scale to offer a viable competitive alternative to the merged entity. • Examples of successful new entry into markets for genomics testing for beef cattle in overseas countries in recent years. • Barriers to customers switching genomics testing providers. • The extent to which customers are 'sticky' to a particular genomics testing provider, and why. • The extent to which customers can compare EBV results between genomics testing providers if they switch providers. • The extent to which access to any genomics testing data presents a barrier to switching. • The extent to which the Parties have first mover advantage in the supply of genomics testing for beef cattle in New Zealand, and how this might impact any potential new supplier's ability to compete effectively. • Whether there is sufficient demand in New Zealand for genomics testing for beef cattle that new entry would be attractive to a prospective new entrant. • Overseas providers of genomics testing for beef cattle that could enter New Zealand.

		• The extent of entry that would be necessary to provide a competitive constraint on the merged entity post-acquisition.
	Countervailing power	• The likely ability and incentive for PBB and/or breed societies to encourage or direct members to use Weatherbys' (or another provider's) genomic testing services for beef cattle, as well as the likely success of such an approach. • How influential PBB or breed societies are on individual farmers' decisions on which genomics testing provider to use. • Whether or not being custodians for the pedigree and performance data used in calculating EBVs gives breeding societies the ability to exert material influence on negotiations with Zoetis and Neogen, and if so, how. • The current or future ability of PBB and/or breed societies to sponsor/support new entry. • Any overseas providers of genomics testing for beef cattle, or domestic providers of genomic testing for other livestock, that could be potential targets for sponsorship/support. • The extent to which any sponsorship/support of a new entrant would discipline the merged entity's offering (including any past examples where sponsorship/support has led to competitive responses by Zoetis or Neogen).