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Our ref: IM-70588
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11 May 2020

Dear Interested Party

Request for submissions: Alstom proposed acquisition of Bombardier Transportation

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on Alstom S.A.'s (**Alstom**) proposed acquisition of Bombardier Transportation (**BT**), which is Bombardier Inc.'s (**Bombardier**) global rail solutions division.

Alstom and BT are global companies, which are involved in the supply of a broad range of products and services to owners or operators of rail networks in Australia and around the world. In particular, they both supply:

- rolling stock (specifically mainline electrical multiple unit trains and trams/light rail vehicles),
- heavy rail signalling systems, components and maintenance for passenger rail networks and for industrial/freight rail networks, and
- maintenance services in respect of rolling stock.

The relevant areas of overlap are referred to as the "rail mobility industry." Further details regarding the parties are at **Attachment A**.

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

- whether prices will increase or service levels will decrease due to the proposed acquisition,
- how closely Alstom and BT compete in the rail mobility industry,
- whether customers of Alstom and BT have sufficient alternative suppliers to maintain competition, and
- the likelihood of new entry into the various rail mobility products and services.

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 mergers and 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 5 June 2020**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Alstom proposed acquisition of Bombardier Transportation attention Alex Reed / Tim Byrne*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Alex Reed on (02) 6243 1364 or Tim Byrne on (03) 9568 6440.

Updates regarding the ACCC's investigation will be available on the [ACCC's Public 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

The transaction

Alstom proposes to acquire from Bombardier and Caisse de dépôt et placement du Québec (**CDPQ**) all of the share capital and voting rights in, and thus sole control over Bombardier Transportation (Investment) UK Limited and in turn sole control over BT, the global rail solutions division of Bombardier.

Alstom will pay the acquisition price in cash which will be re-invested with new shares in Alstom issued to CDPQ, comprising of a non-controlling minority shareholding of approximately 18%, as well as two representatives and one observer within the board of Alstom, and to Bombardier, a shareholding of approximately 3% in Alstom.

Alstom

Alstom is headquartered in France and active globally in the rail mobility industry. Alstom's global revenues were approximately EUR 8.1 billion in its fiscal year that ended 31 March 2019.

In Australia, Alstom carries on business through its wholly-owned subsidiary Alstom Transport Australia Pty Limited and offers Alstom's global portfolio of products and services including:

- metro and mainline trains and trams/LRVs,
- signalling systems and components based on all technology types, and
- services for rolling stock and signalling, including maintenance services.

Bombardier

Bombardier is a Canadian corporation engaged in the aircraft, rail transportation equipment and recreational product industries. In the fiscal year ended 31 December 2019, Bombardier posted revenues of USD 15.8 billion, of which USD 8.3 billion was attributable to BT, Bombardier's global rail solutions division. Bombardier owns approximately 64% of BT.

BT is the target of the proposed acquisition. It is headquartered in Germany and active globally in the rail mobility industry.

In Australia, BT's operations include supplying:

- tram/LRVs and mainline rolling stock solutions,
- metro and industrial/freight signalling systems, and
- services for rolling stock and signalling, including maintenance services.

BT also operates a joint venture with Downer EDI for the maintenance of the Perth A Series and Perth B series.

CDPQ

CDPQ co-controls and co-owns approximately 36% of BT. CDPQ is a long-term institutional investor. It manages funds primarily for public and para-public pension and insurance plans. In Australia, CDPQ holds some minority, non-controlling interests in entities which are involved with procurement for the operation of rail networks.

Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship(s) with Alstom or BT.

Questions for customers

3. Please identify and describe the types of rail mobility products and services you procure in Australia and identify your current suppliers.
4. Please discuss whether prices may increase or service levels may decrease due to the proposed acquisition, for any rail mobility product or service you procure in Australia.
5. For each rail mobility product or service you procure in Australia, please identify and describe the key alternative suppliers capable of servicing your needs. In your response, please identify any suppliers you consider particularly vigorous or effective competitors (for example, through their innovation, product offering or service).
6. Please discuss the extent to which you consider Alstom and Bombardier to be close competitors in the supply of rail mobility products and/or services. In your response, please consider factors such as the types of products and/or services the parties supply, their geographic areas of supply and their participation in tender processes.
7. Please describe how you procure different types of rail mobility products or services—for example, through formal tender or other methods—including the typical duration of the contract(s) awarded.
8. Please discuss whether you would have the ability to bypass supply of any of the rail mobility products and/or services from the combined Alstom-Bombardier by either self-supplying or sponsoring the entry of an overseas supplier. Please provide examples where possible.

Questions for competitors

9. Please identify the rail mobility products and services you supply in Australia.
10. Please identify your competitors for the supply of each product identified in your response to question 9. Please provide estimated market shares where possible.
11. Please discuss the likelihood of new entry into these markets. In your response, please consider the likely timeframe for market entry and provide details about barriers to entry, such as any regulatory barriers or access to key inputs. Please provide examples of recent entry where possible.
12. Please discuss the importance of innovation and research and development in competition in the rail mobility industry in Australia and globally.

Other

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