



Our ref: IM-71003
Contact officer: Will Sommers / Ben Roberts
Contact phone: (03) 9910 9444 / (03) 9290 1497

23 Marcus Clarke Street
Canberra ACT 2601

GPO Box 3131
Canberra ACT 2601

tel: (02) 6243 1368
mergers@acc.gov.au

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www.accc.gov.au

Dear Interested Party

Request for submissions: Cargotec's proposed merger with Konecranes

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on Cargotec Corporation's (**Cargotec**) proposed merger with Konecranes Plc (**Konecranes**) (the **proposed merger**).

Cargotec and Konecranes operate globally and overlap in the supply of container handling products and/or services in Australia. In particular, both supply gantry cranes, horizontal transport equipment, mobile equipment and aftersales services. Further detail regarding the proposed merger is at **Attachment A**.

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

- the impact on prices or service levels
- whether Cargotec and Konecranes compete closely in Australia, and
- whether customers of Cargotec and Konecranes have access to alternative suppliers in Australia.

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 merger 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 **27 August 2021**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Cargotec / Konecranes - attention Will Sommers / Ben Roberts*. If you would like to arrange a time to discuss the matter with ACCC staff, or have any questions about this letter, please contact Will Sommers on (03) 9910 9444 or Ben Roberts on (03) 9290 1497.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

The proposed merger

The proposed merger was announced on 1 October 2020. Completion is expected in the first half of 2022. Post-merger, all assets and liabilities of Konecranes will transfer to Cargotec. Shareholders of Konecranes and Cargotec will each own approximately 50% of the shares in the merged entity.

Cargotec

Cargotec is headquartered in Finland and active globally in material handling solutions ranging from manufacture and supply of container handling products (manual and automated) to engineering solutions for the maritime industry.

Cargotec's Kalmar business in Australia is involved in the sale and distribution of container handling products and services, including equipment control systems required to operate automated equipment. Kalmar also offers aftersales servicing and spare parts.

Bromma, a division of the Kalmar business, supplies spreaders for use with container handling equipment.

Konecranes

Konecranes is headquartered in Finland and specialises in material handling solutions for general manufacturing and process industries, container handling products and services, and automated solutions.

Konecranes' Port Solutions business provides container handling products and terminal solutions to customers in Australia.

Activities in Australia

Cargotec's Kalmar business and Konecranes' Port Solutions business both supply or have sought to supply the following container handling products and/or services to customers in Australia:

Gantry cranes	Rubber-tired gantries
	Rail-mounted gantries
	Automated stacking cranes / automated rail-mounted gantries
Horizontal transport equipment	Straddle carriers (manual and automated)
	Shuttle carriers (manual and automated)
Mobile equipment* *Konecranes mobile equipment is primarily supplied to customers by a distributor, United Equipment.	Reach stackers
	Empty container handlers
	Full container handlers
	Forklift trucks
Aftersales services	Supply of spare parts
Terminal consultancy services	Services relating to terminal design
	Services related to terminal performance management

Cargotec's Bromma business produces spreaders for use with container handling equipment, such as crane spreaders and mobile equipment spreaders. Bromma supplies spreaders to Cargotec and to third parties, including Konecranes.

Konecranes produces spreaders for its own straddle carriers and shuttle carriers, but does not sell spreaders to third parties.

Attachment B

1. Provide a brief description of your business or organisation and explain your interest in the proposed merger, including any commercial relationship(s) with Cargotec or Konecranes.

Questions for customers

Note: it would assist us if your response to questions 2, 3 and 5 could be by way of a table.

2. Identify and describe the types of container handling products and/or services you procure in Australia, and identify your current suppliers.
3. Describe how you procure different types of container handling products and/or services (for example, tenders or other methods) including how many suppliers are invited to tender, typical contract duration, whether contracts are exclusive, and whether the same or different suppliers are used for each product or service you acquire.
4. Describe the extent to which you consider Cargotec and Konecranes to be close competitors. Consider factors such as product range, pricing, quality, service levels and any unique features or characteristics of their container handling products or services.
5. For each container handling product or service you procure in Australia, identify and describe alternative suppliers capable of servicing your needs, including how they compare to Cargotec and Konecranes on product range, pricing, quality, service levels or innovation.
6. Describe your ability to switch suppliers for container handling products or services. Consider factors such as time, costs, or any exclusive or long-term contractual arrangements. Provide examples where possible.
7. Outline whether you would procure container handling products and/or services from a new entrant supplier. Describe the factors you would consider, such as product range, pricing, quality, service levels, and the importance of reputation or a proven track record. Provide examples of recent entry where possible.
8. Describe your ability to self-supply or import any of the container handling products or services that you currently acquire from Cargotec or Konecranes. Provide details including the time, costs and challenges that you would face.
9. For each of the container handling products and/or services that you currently acquire from Cargotec or Konecranes in Australia, describe how you would respond if prices increased or service levels decreased post-merger.

Questions for competitors

Note: it would assist us if your response to questions 11 and 12 could be by way of a table.

10. Identify the types of container handling products and/or services you supply in Australia.

11. Identify your competitors for the supply of each container handling product and/or service identified in your response to question 10. Provide estimated market shares where possible.
12. Outline your history of competing in tenders to supply container handling products and/or services in Australia. Provide details such as the identity of the customer, the type of container handling products or services that were the subject of the tender, when the tender process occurred, and whether you were successful, including the reasons for the outcome (if known).
13. Describe the extent to which you consider Cargotec and Konecranes to be close competitors. Consider factors such as product range, pricing, quality, service levels and any unique features or characteristics of their container handling products or services.
14. Describe the likelihood of customers switching suppliers for container handling products or services in response to an increase in price or decrease in service levels post-merger. Consider factors such as time, costs, or any exclusive or long-term contractual arrangements. Provide examples where possible.
15. Describe the likelihood of new entry or expansion into the supply of container handling products and/or services in Australia if there were an increase in prices. Provide details about the likely timeframe for entry or expansion and barriers to entry, such as regulatory requirements, intellectual property, or establishing reputation. Provide examples of recent entry or expansion where possible.
16. Describe the extent to which Cargotec supplies container handling products and/or services which are used by competitors of Konecranes in Australia. Consider whether the merged entity could profitably increase prices or decrease service levels for the supply of these products or services to Konecranes' competitors or effectively deny them access to these products or services.
17. Describe the extent to which Konecranes is an essential customer of container handling products and/or services (such as spreaders) in Australia. Assuming Konecranes' demand for these products or services switches to Cargotec post-merger, comment on the impact on Cargotec's competitors.
18. Describe how you would respond if the merged entity increased prices or decreased service levels for container handling products and/or services in Australia. Specify if your response differs for different types of container handling products or services.

Other information or competition issues

19. Provide any additional information or comments that you consider relevant to the ACCC's consideration of the proposed merger.