



MEDIA RELEASE

26 October 2021

CCCS Consults on the Proposed Merger between Cargotec Corporation and Konecranes Plc

The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed merger (the “**Proposed Transaction**”) between Cargotec Corporation (“**Cargotec**”) and Konecranes Plc (“**Konecranes**”) (collectively, the “**Parties**”).

2. CCCS accepted an application from the Parties on 15 October 2021 for a decision on the Proposed Transaction. CCCS is now assessing whether the Proposed Transaction, if carried into effect, will infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

Cargotec

3. Cargotec is a public limited liability company seated in Helsinki, Finland. Cargotec’s three main businesses involve the supply of (i) Cargo handling equipment and terminal solutions offered by its business unit, Kalmar; (ii) on-road load handling equipment provided by its business unit, Hiab; and (iii) solutions and services for the maritime industry provided by its business unit, MacGregor.

4. Cargotec’s business activities in Singapore mainly relate to the sale of container handling equipment, such as automated guided vehicles, terminal tractors, empty container handlers and reach stackers. The full range of equipment supplied by Cargotec globally is available for sale to Singapore customers. The brand names used by the Cargotec group in Singapore are “Hiab”, “MacGregor”, “TTS Singapore”, “Kalmar”, “Bromma” and “Navis”.

Konecranes

5. Konecranes is a public limited liability company headquartered in Hyvinkää, Finland. Konecranes offers material handling solutions for general manufacturing and process industries; container handling equipment; and related automation solutions, services and spare parts.

6. Konecranes's business activities in Singapore primarily relate to the sale of container handling equipment, such as empty container handlers. In addition, Konecranes is also active in the marketing and selling of industrial lifting equipment such as cranes, hoists and providing related services such as maintaining, replacing and upgrading such equipment. The brand names used by the Konecranes group in Singapore include "Konecranes", "Konecranes Gottwald", "Konecranes Noell", "Demag", "MHE", "SWF", "Verlinde" and "TBA".¹

The Proposed Transaction

7. The Parties submit that they overlap in the supply of empty container handlers ("**ECHs**"), automated guided vehicles ("**AGVs**"), automated rubber tyred gantry cranes ("**RTGs**") and reach stackers ("**RSs**") in Singapore (collectively, the "**Overlapping Goods**").²

8. The Parties consider the relevant markets to be the markets for the global supply of: (a) ECHs; (b) AGVs; (c) Gantry cranes (which includes automated RTGs, and other types of gantry cranes such as manual RTGs, rail mounted gantry cranes and automated stacking cranes); and (d) RSs, (collectively, the "**Relevant Markets**").

9. According to the Parties, the Proposed Transaction will not give rise to anti-competitive effects in any of the Relevant Markets, given the following:

- a) The presence of alternatives and strong existing competition in the Relevant Markets, such as from large Chinese competitors that have successfully expanded globally in recent years. According to the Parties, quality, performance, safety and regulatory standards within the Relevant Markets can be easily met by other suppliers.

¹ Additional brand names used by the Konecranes group in Singapore are: MHE-Demag Wacker Neuson, MHE Adler, MHE Eagle, MHE Chameleon, MHE Wagen, MHE Wachter, MHE Up, MHE Double-Up, MHE Grizzly, MHE Hippo, MHE Gator, MHE ThermaSeal, MHE ThermaRapid, MHE ThermaPanel, MHE-Demag, MHE Service, MHE Connect and MHE Rent.

² AGVs, automated RTGs, ECHs and RSs are types of container handling equipment. Specifically, the Parties submitted that, with reference to the period 2010 to 2021, the Parties supplied or sought to supply AGVs, automated RTGs, ECHs and RSs in Singapore; and that, based on the Parties' respective sales data for the period from 2018 to 2020, the Parties only overlap in ECHs in Singapore.

- b) The absence of significant barriers to entry and expansion in the Relevant Markets. For the Relevant Markets for ECHs and RSs, the Parties submit that the manufacturing facilities for these and other types of mobile equipment³ are versatile, and manufacturers can easily divert existing capacity for the production of one type of mobile equipment to the production of other types of mobile equipment. For AGVs, the relevant technology is also widely available and, hence, the suppliers of container handling equipment and trucks can easily partner with tech companies to develop the necessary automated solutions for AGVs. For the gantry cranes market (including automated RTGs), suppliers of industrial equipment will also be able to enter the market with relative ease as the resources and equipment required to manufacture gantry cranes do not materially differ from other types of port or industrial cranes.
- c) There are generally no significant impediments in terms of intellectual property rights or know-how that would hinder suppliers of other types of container handling equipment, or other industrial machinery, to expand into the production of any of the Overlapping Goods.
- d) The existence of significant countervailing buyer power by large and sophisticated customers of container handling equipment generally, such as terminal operators and container shipping lines, and the ease at which such customers may switch suppliers.
- e) The availability of second-hand sales and leasing arrangements as alternatives to procuring new equipment.

10. The Parties also submit that the Proposed Transaction is unlikely to lead to collusion in the Relevant Markets, given the presence of a multitude and range of existing competitors, low barriers to entry and expansion in the Relevant Markets, and the ease of switching by customers who have the knowledge and expertise to make well-informed comparisons of alternatives available in the Relevant Markets.

11. In addition, while Cargotec supplies spreaders which are used as inputs by downstream manufacturers of cranes and mobile equipment, including Konecranes, the Parties submit that the Proposed Transaction will not lead to any vertical effects⁴ for the following reasons:

³ The "mobile equipment" category of container handling equipment comprises RSs, full container handlers, ECHs, as well as forklift trucks.

⁴ Vertical mergers can, in some circumstances, reduce the competitive constraints faced by the merged entity by foreclosing a substantial part of the market to competitors, or by increasing the likelihood of post-merger collusion.

- a) The merged entity will have no ability to foreclose downstream competitors from accessing spreaders as an input component, given the availability of alternative standalone suppliers of spreaders, which includes large players; and
- b) The merged entity will have no ability or incentive to engage in customer foreclosure strategies post-merger by diverting Konecranes's demand for spreaders to the merged entity, as Konecranes is not a significant customer for spreaders and there are other customers who will continue to account for a significant part of the demand for spreaders.

Public Consultation

12. CCCS is inviting public feedback on the Proposed Transaction. The closing date for submissions is 8 November 2021, 2:00 p.m.

13. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section [Public Consultation](#). If any submission/correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

- End -

About the Competition and Consumer Commission of Singapore (CCCS)

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

For media clarifications, please contact:

Ms. Nawwar Syahirah

Senior Assistant Director (Communications)

Competition and Consumer Commission of Singapore

Email: nawwar_syahirah@cccs.gov.sg

Ms. Grace Suen

Senior Assistant Director (Communications)

Competition and Consumer Commission of Singapore

Email: grace_suen@cccs.gov.sg