



## **MEDIA RELEASE**

**28 June 2022**

### **CCCS Consults on the Proposed Acquisition by ContiTech Global Holding Netherlands B.V. of Trelleborg AB's Printing Solutions Business**

The Competition and Consumer Commission of Singapore ("**CCCS**") is inviting public feedback on the proposed acquisition by ContiTech Global Holdings Netherlands B.V. ("**ContiTech**") of 100% of the total issued shares in Printing Solutions Sweden Holding AB (the "**Target**") from Trelleborg AB ("**Trelleborg**") (collectively, the "**Parties**") (the "**Proposed Transaction**").

2. In acquiring the Target, ContiTech will acquire Trelleborg's printing solutions business, which includes product offerings such as the development, manufacturing and supply of printing blankets for offset and digital printing, carrier sleeves for flexo printing, as well as a supplementary local Italian coated fabrics business (the "**Target Business**").

3. CCCS accepted a joint application from the Parties on 17 June 2022 for a decision on the Proposed Transaction. CCCS is now assessing whether the Proposed Transaction, if carried into effect, would infringe section 54 of the Competition Act 2004, 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**

##### ContiTech

4. ContiTech is Continental AG's engineered rubber products group. Its key worldwide activities include the provision of advanced dynamic solutions, conveying solutions, industrial fluid solutions, mobile fluid systems, power transmission systems and components, and surface solutions. ContiTech's surface solutions product offerings include the provision of printing solutions, such as the manufacturing and supply of printing blankets, as well as ancillary printing solutions like surface materials for decorative and technical applications, and assembled products.

5. In Singapore, ContiTech supplies flat-backed/fabric printing blankets, self-adhesive blankets<sup>1</sup>, conveyor belt systems, elastomer sheeting, fluid handling, power transmission and surface materials. In respect of the flat-backed/fabric printing blankets market in Singapore, ContiTech sells its products under the brand names “Conti-Air” and “Phoenix Xtra Blankets”.

#### Trelleborg and the Target

6. Trelleborg provides engineered polymer solutions. Its key worldwide activities include the provision of industrial solutions, sealing solutions, wheel systems, printing solutions (i.e. the Target Business), offshore oil and gas solutions, and technical rubber products.

7. In Singapore, Trelleborg supplies flat-backed/fabric printing blankets, self-adhesive printing blankets and engineered polymer solutions. Trelleborg also engages in the manufacturing of rubber fenders, trading and supply of rubber matting, marine applications, industrial tyres, and the supply of hydraulic seals, rotary shaft seals, o-rings, static seals, gaskets, oil seals and pneumatic seals in Singapore.

8. The Target is a wholly-owned subsidiary of Trelleborg and only operates the Target Business. Currently, Trelleborg activities in Singapore relating to the Target Business include the supply of flat-backed/fabric printing blankets and self-adhesive printing blankets, which will be covered by the Proposed Transaction.

9. In respect of the flat-backed/fabric printing blankets market in Singapore, the Target sells its products under the brand name “Vulcan”.

#### **The Proposed Transaction**

10. The Parties submitted that they primarily overlap in the supply of flat-backed/fabric printing blankets to, among others, printing blankets distributors and end-user customers in Singapore.<sup>2</sup>

11. The Parties consider the relevant product market to be the market for the global supply of offset printing blankets (which include flat-backed/fabric printing blankets, self-adhesive printing blankets, metal back printing blankets, cylindrical printing

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<sup>1</sup> According to the Parties, ContiTech engages in the supply of self-adhesive printing blankets in Singapore on a limited ad hoc basis.

<sup>2</sup> CCCS notes that the Parties both supply self-adhesive printing blankets in Singapore, although according to the Parties, ContiTech engages in the supply of self-adhesive printing blankets in Singapore on a limited ad hoc basis, and the Parties are of the view that they do not overlap in the supply of self-adhesive printing blankets in Singapore.

blankets, mylar backed varnishing blankets, specialty & security printing blankets, and underblankets).

12. According to the Parties, the Proposed Transaction will not give rise to anti-competitive effects in the supply of flat-backed/fabric printing blankets in Singapore (which is the primary overlapping local product identified by the Parties), in view of the following:

- a) There is healthy competition with other competing offset printing blankets manufacturers, such as Flint Group, Meiji Rubber & Chemical Co. Ltd., and Kinyosha Co. Ltd. Customers are willing to switch to new suppliers, and have done so, mainly due to their lower prices. As the flat-backed/fabric printing blankets market is generally homogenous, intermediate and end-user customers largely view all competing brands equally. Therefore, besides technical functionality, price is the most important parameter in the customers' decision-making process.
- b) There are no significant and insurmountable barriers to entry for the supply of flat-backed/fabric printing blankets in Singapore. Existing competitors face relatively low barriers in terms of know-how or regulations. While new entrants might face some barriers given the lack of relevant experience and infrastructure, such barriers are not insurmountable as there are generally no import or export barriers for flat-backed/fabric printing blankets; nor are there any regulatory barriers for supplying flat-backed/fabric printing blankets in Singapore.
- c) There is strong countervailing buyer power as local intermediate customers (i.e. distributors in Singapore) can self-supply by obtaining their flat-backed/fabric printing blankets from manufacturers around the world, and they carry several other manufacturers' products apart from ContiTech's and the Target Business's products in their portfolios. End-user customers are also willing and able to easily switch suppliers that can meet their requirements at a lower price.

13. The Parties also submitted that the Proposed Transaction is unlikely to lead to collusion in the supply of flat-backed/fabric printing blankets, given the following:

- a) the market structure does not allow competitors to monitor each other's pricing or have precise knowledge of market prices;
- b) the Singapore market is very small, and it would be difficult and unrealistic for the Parties to lower prices to win any additional market shares in Singapore given the number of competitors and the current capacity utilisation in the industry; and

- c) customers can switch between different suppliers easily and quickly, as switching costs are low and the products can be easily substituted by other manufacturers' products.

14. According to the Parties, there are no existing or potential vertical relationships between them.

### **Public Consultation**

15. CCCS is inviting public feedback on the Proposed Transaction. The closing date for submissions is 12 July 2022, 2:00 p.m.

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

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### **About the Competition and Consumer Commission of Singapore (CCCS)**

The CCCS is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003 which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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