

ME/6927/21

**ANTICIPATED MERGER OF
CARGOTEC CORPORATION AND KONECRANES PLC**

RESPONSE TO ISSUES STATEMENT

19 August 2021



Freshfields Bruckhaus Deringer

Skadden

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A. INTRODUCTION AND EXECUTIVE SUMMARY

- 1.1 This is the Parties' Response to the CMA's Issues Statement of 6 August 2021 (the *Issues Statement*). It builds on the Parties' response to the CMA's Phase 1 Decision of 23 July 2021 (the *Phase 1 Decision Response*) to highlight the changing competitive dynamics in the container handling equipment (*CHE*) industry which is characterised by strong competitive forces from Chinese (and other) competitors and bidding markets which ensure that there will not be a substantial lessening of competition as a result of the Merger.
- 1.2 In Part B, the Parties explain the key market dynamics affecting competition in the CHE industry, namely:
- the markets for each of the products for which the CMA has raised potential competition concerns (together, the *Specified Products*) are global in scope (see Section 2);
 - the entry and expansion of Chinese competitors has significantly altered the competitive landscape in the UK and Europe (see Section 3); and
 - distributors are available and play a significant role in lowering barriers to entry and expansion and enhancing inter- and intra-brand competition (see Section 4).
- 1.3 In Part C, the Parties explain why no competition concerns arise specifically in the supply of:
- rubber-tyred gantry cranes (*RTGs* and *ARTGs* for automated rubber-tyred gantry cranes), automated stacking cranes (*ASCs*) (together, the *cranes*) (see Section 6);
 - reach stackers (*RS*), heavy-duty forklift trucks of more than 10t lifting capacity (*FLT*s) and empty container handlers (*ECHs*) (together, mobile equipment or *MEQ*) (see Section 7);
 - automated terminal tractors (*A-TTs*), straddle carriers and shuttle carriers (together, horizontal transport equipment or *HTE*) (see Section 8); and
- 1.4 In Part D, the Parties explain why no competition concerns arise specifically in the supply of spreaders for cranes (for RTGs, ASCs and mobile harbour cranes (*MHCs*)) and MEQ in the context of input foreclosure and customer foreclosure.

B. KEY MARKET DYNAMICS OF THE INDUSTRY

2. GLOBAL MARKETS

2.1 There is clear evidence that the markets for each of the Specified Products are worldwide – rather than European – in scope. In particular, this section will discuss the following points:

- First, that some suppliers appear to be present in certain regions but not others does not demonstrate that markets are limited to Europe in scope.
- Second, the presence of an OEM’s own regional or UK based servicing capabilities is not a prerequisite to compete effectively in the UK.
- Third, none of the additional elements raised in the Issues Statement as areas for further investigation pose meaningful barriers to entry.¹

(a) **A lack of presence in all jurisdictions by some suppliers does not point to a narrower geographic market**

2.2 The fact that some suppliers appear to be present in some regions but not others does not – of itself – support a market that “may not be broader than Europe-wide.”

- **Demand through tendered or negotiated sales involving OEMs worldwide.** As explained in the Parties’ Phase 1 Decision Response, the Specified Products are sold through tender processes (cranes, HTE and, to some extent, MEQ) or negotiated sales processes (MEQ, in the main) to customers worldwide.² Indeed, it is notable that the location of OEMs’ production facilities generally has no bearing on customers’ purchasing decisions – this applies for example to ZPMC, which has successfully penetrated the market as a cranes supplier worldwide (including UK), even though its activities are concentrated in China. For MEQ, Hyster, Svetruck and CVS also make use of centralised manufacturing facilities in the Netherlands and China, Sweden, and Italy, respectively, which sell equipment globally (either directly or through distributors). The Parties organise their operations in a similar fashion to other global competitors.³ As such, it would be incorrect to consider that a lack of presence in “*some regions*” indicates a narrower geographic market definition.
- **Global suppliers participate in sales processes.** European and non-European manufacturers, including the Parties and competitors such as ZPMC, Liebherr, Terberg and CVS consistently compete in tenders worldwide. For example, CVS delivers its MEQ around the world, including to Europe, Egypt, North America and South America.⁴ The Parties themselves successfully sell straddle and shuttle carriers in such non-European countries as, *inter alia*, [...] (Cargotec) and [...] (Konecranes). Likewise, ZPMC completes globally and successfully bids for European customers (particularly

¹ These are regulatory, safety and environmental requirements demand preferences (e.g. importance for UK customers of a supplier having a (direct or indirect) sales and after-sales presence in the UK), delivery times, transport costs, and regional track record.

² As discussed in the Phase 1 Decision Response, for Cranes and HTE, virtually all projects and deliveries are purchased by way of formal tenders. Tender processes are required due to the unique nature of crane and horizontal transport equipment solutions, which are designed and priced separately for each client, with the final price depending upon the required size and model, customer specifications, the number of units and delivery location. MEQ is also sold by formal tender for larger projects involving the purchase of several units of MEQ (e.g. developing a new port/terminal or replacing large parts of a fleet), or where public port operators acquire MEQ, as they are bound by public procurement laws.

³ Cargotec manufactures [...]. Konecranes manufactures [...]

⁴ See <https://www.cvsferrari.it/news/>.

in cranes) and relies on its own fleet of transportation ships (whereas the Parties rely on third-party commercial shipping companies for delivery).⁵

2.3 Against the above, it goes without saying that local presence – whether in terms of having regional servicing capabilities (as will be discussed below) or through having a dedicated local sales presence (including via a regional track record, discussed below) – is not a pre-requisite to enter or sell to local customers in the UK or elsewhere around the world.

(b) No need for pre-existing regional servicing capabilities

2.4 In addition, the existence of regional servicing capabilities is not a prerequisite for potential entrants.

2.5 Firstly, a significant proportion of after-sales servicing is conducted in-house by customers across all container handling equipment. By way of example, the Parties understand that approx. 70% of all maintenance and repair work for MEQ is done in-house by customers (especially by port terminal operators). In the UK, there is a historical tendency for terminal operators to service their own products, including in respect of not only the more straightforward, commoditised products (i.e. MEQ), but also more bespoke equipment such as cranes which are business-critical (and therefore typically require in-house and stand-by repair services) – the Parties estimate that 80-90% of all maintenance and repair work for cranes is done in-house.

2.6 Moreover, customers without significant in-house service capabilities can rely on a wide range of service providers for their servicing needs, including OEMs, distributors and dealers, independent service operators, contractors and traders. The Parties are aware of at least 75 specialised service providers and a further 77 general service providers offering services for MEQ in the UK.⁶ Similarly, customers do not rely exclusively on OEMs for the supply of spare parts, as spare parts are generally widely available on the market and are also sold by distributors, component suppliers and specialised spare parts suppliers (such as DBH).⁷ Consequently, the existence of service networks operated by the OEMs themselves is not a determinative factor when making purchasing decisions. Moreover, the Parties expect that the emergence of electric mobile equipment will further diminish the importance of after-sales services and the supply of spare parts, which is now already offered via numerous sources. Electric equipment requires less maintenance as the majority of servicing for mobile equipment is related to gearboxes and engines.

2.7 Should new entrants wish to acquire servicing capabilities, there are numerous different straightforward ways of doing so. For example:

- **Use of existing servicing capabilities for other product types** is particularly common, as the servicing needs of standardised components used in most types of heavy construction and load-handling equipment are generally similar. Therefore, OEMs that are already active in the supply of one particular type of equipment in the UK (e.g. ZPMC with cranes) can use their existing service networks for other products (e.g. HTE, MEQ) without the need to set up new servicing capabilities.
- **Distributors and independent service providers** are typically able to provide comprehensive after-sales services, meaning that suppliers without a local service

⁵ See <https://www.zpmc.com/news/cont.aspx?id=252> and <https://www.zpmc.com/news/cont.aspx?id=234>.

⁶ As shown in Annex 9.4 to RFI 1.

⁷ See <https://dbhdiesel.com/>.

presence can still offer services via their distribution network. Distributors usually also provide spare parts to the local market. For example, Hyster provides an extensive range of servicing and maintenance options through its UK distributor, Briggs. Similarly, Cooper Handling provides servicing for Sany products in the UK, and Heli utilises Grant Handling which provides nationwide service technician recovery and 24/7 breakdown cover.

- **Relying on the service networks of other third parties.** As container handling equipment largely relies on the assembly of third-party components, component suppliers of engines, gearboxes, axels and drive lines typically have servicing capabilities on which customers can (and do) rely. By way of example, Cargotec purchases engines from Volvo [...]. Sany (which also purchases its engines from Volvo) and other mobile equipment suppliers could similarly rely on the networks of Volvo and other component suppliers for the servicing of their mobile equipment.

2.8 In respect of spare parts, as the supply is typically centralised, OEMs would not need to establish a network of regional warehouses. By way of example, [...]. [...]. Both Parties serve UK customers in this way.

(c) No need for an established regional track record

2.9 A regional track record is also not a prerequisite for success in the markets for the Specified Products. As noted above, sales of container handling equipment are by definition global in nature where OEMs worldwide can and do participate in tenders in Europe and the UK. As a result, Chinese suppliers like ZPMC (in the context of Cranes, in particular) and Sany (in respect of the supply of MEQ) have been able to enter the UK market, despite their lack of prior track record.

2.10 In relation to MEQ sales more generally, most OEMs utilise distributors instead of operating a direct sales presence in all of the countries in which they compete. As discussed further in Section 4 below, global competitors like Hyster, Sany, CVS, Konecranes, Heli and Doosan conduct their UK sales through distributors. Customers are therefore accustomed to dealing predominantly with distributors, rather than the OEMs themselves. This allows competitors such as Sany, who did not have any presence in the UK MEQ market prior to 2016, to enjoy rapid success (in that case, through its relationship with Cooper Handling). An OEM's own established local track record is therefore not a pre-requisite for entry.

(d) No significant differences in regulatory, safety and environmental standards

2.11 The vast majority of standards and regulations for the Specified Products are public and are essentially similar worldwide. Slight differences may exist for environmental and safety standards; however, these differences do not constitute unmanageable barriers to entry or expansion. The Parties, like many other OEMs, assemble their products according to the global (ISO) and European (EN) standards, which ensures compliance with all major regulatory frameworks.⁸ All major manufacturers are able to meet global and European standards and can address any remaining minor differences in the regulatory framework within a short timeframe and generally without significant additional costs. There are currently no UK-specific standards and the Parties do not consider it likely that any such standards would be introduced following Brexit.

⁸ In the EU, the regulatory requirements are set out in the Machinery Directive (2006/42/EC).

- 2.12 In any event, the supply of cranes and HTE are project-based where project specifications differ from case to case (including on delivery times). Suppliers assemble their machines for specific projects and every supplier (regardless of its location) needs to be (and, in fact, is) able to supply different specifications. For example, ZPMC is clearly able to meet European standards, as evidenced by its recent straddle carrier supplies to European customers (e.g. HPH in Sweden), and its leading European position in STS cranes and in the majority of gantry crane segments.
- 2.13 As can be seen from the above, therefore, none of the propositions advanced to date to support an “*at most Europe wide*” geographic market are supportable on the facts. To the contrary, for the reasons advanced by the Parties, the markets are global in scope.

3. CUSTOMER CONSOLIDATION AND GROWTH OF CHINESE COMPETITION

- 3.1 The UK container handling equipment industry has undergone – and continues to undergo – significant changes, accelerated by the growing presence of state-supported Chinese suppliers, such as ZPMC (a state-owned enterprise (*SOE*)), and Sany and Heli (Chinese privately-owned enterprises (*POEs*)). **Appendix 1** lists the Chinese SOEs and POEs currently active in the UK and otherwise active in the supply of the relevant equipment worldwide.
- 3.2 Due to the long lifecycles of the equipment concerned, as well as the fundamental characteristics of the tendering / negotiated sales processes inherent in the supply of such equipment, a static analysis based on historical shares does not reflect prevailing competitive dynamics and the market realities under which the Parties operate.⁹ Rather, the competitive effect of State strategic direction and State-backed funding of Chinese manufacturers will need to be considered as part of the CMA’s investigation, consistent with the position adopted by the Department for Transport in its Maritime 2050 paper.¹⁰
- 3.3 Chinese suppliers have a number of inherent advantages arising from State sponsorship at every level of the maritime supply chain, including the strong and increasing influence of global terminal operators (*GTOs*) many of which are themselves Chinese owned; access to state subsidised inputs and direct financial assistance; and political support for investment in technology and R&D. These issues are developed further below.

(a) Consolidation of shipping services industry

- 3.4 The maritime sector has undergone significant structural changes as a result of China’s industrial policies, which have caused a significant shift in demand.
- 3.5 As explained in the Parties’ Phase 1 Decision Response, end-user demand for CHE is driven – in the main – by GTOs that operate several ports or container terminals around the world. GTOs include Hong Kong based Hutchison Port Holdings (*HPH*), Dubai Port World (*DPW*)¹¹ and the SOE, Chinese Ocean Shipping Company (*COSCO*), among others, which wholly or partially own terminals worldwide. In 2019, terminals fully or partially owned by these large

⁹ The UK Department of Transport (*DfT*), “Maritime 2050: navigating the future” (24 January 2019), available here: <https://www.gov.uk/government/publications/maritime-2050-navigating-the-future> (*Maritime 2050*). *Maritime 2050* considers the “maritime sector” to include shipping, ports, services, engineering and leisure marine industries. In commenting on the global maritime sector today, the DfT noted that “...*China is pursuing a ‘One Belt One Road Strategy’, an initiative which aims to see the upgrading of several facilities on the ‘Maritime Silk Road’ that connects China and Europe. This activity reaffirms China’s position as a major player in the shipping industry; any strategic outlooks must by necessity consider China’s current plans to accurately appraise coming developments...*” (see page 41).

¹⁰ *Ibid.*

¹¹ DPW is a UAE-based terminal operator. Following a series of acquisitions, DPW currently operates 52 ports in more than 30 countries worldwide and generates revenues of roughly USD 7.7 billion. Amongst others, the company has recently invested in port terminals in Chile and has a number of greenfield projects and acquisitions in progress (e.g., in Canada and Indonesia).

operators accounted for over 80% of global container throughput.¹² A similar landscape exists in the UK, where the five largest container ports account for approx. 82% of UK container port traffic in 2020,¹³ with HPH being the owner of the largest container port in the UK (at Felixstowe) and DPW owning the next two largest (Southampton and London Gateway).

3.6 In addition, as a result of the “Belt and Road” initiative, China has, in recent years, increasingly focused its efforts on expansionist construction, development, and operation of international ports and container terminals, particularly along the Indo-Pacific shipping routes extending to Europe, along with the global expansion of its container handling equipment industry. **Appendix 1** illustrates the prevalence of Chinese SOEs and POEs active in the maritime sector, which, as will be discussed in the next section, highlights the extent of State sponsorship in the sector at every level of the maritime value chain. Indeed, based on Drewry research, Chinese port investment and ownership outside of China can alone evidence such investment and growth, which became much more pronounced after the “Belt and Road” initiative was introduced in 2013 (see Table 1 below).

Table 1: Growing Trend of Global Port Terminal Operations by Chinese Companies¹⁴

Year	Main Characteristics	No. of port terminals operated by Chinese companies <u>in China</u>	No. of port terminals operated by Chinese companies <u>outside China</u>
2002	Very limited overseas presence. Shipping line driven.	9	3
2007	Tentative steps overseas. Shipping line interests remain key driver.	19	7
2012	Increased geographical scope. Continued expansion in China.	26	10
2017	Broad geographical scope. Wider range of players. Growth through acquisition.	26	32
2020	Additional presence in the Mediterranean region	approx. 30	>35

3.7 The above factors have led to a significant shift in competitive dynamics:

- **Increased use by Chinese GTOs of equipment manufactured by Chinese OEMs.** The rise of Chinese presence and influence (such as through HPH) throughout the maritime value chain (in particular in growing concentration of demand through port ownership) has been a catalyst for Chinese-made equipment to be sold and used worldwide and the potential for selling more widely going forward. In the UK, the presence of Chinese maritime equipment suppliers is supported by the prominence of HPH-owned Felixstowe, the UK’s largest container port, which solely purchases cranes from ZPMC (but also purchases HTEs and MEQs from Chinese manufacturers all over the world). The growing trend of Chinese port operators preferring the use of Chinese CHE manufacturers has led to [...]. The successful penetration of ZPMC in the context of the supply of cranes demonstrates the influential position HPH and Felixstowe holds in relation to other port terminal operators in the UK.
- **Sophisticated customers.** Customers of container handling equipment are sophisticated and well-resourced entities. GTOs and non-GTO customers (such as large corporations like Deutsche Bahn, in the context of MEQ) have experienced,

¹² Drewry Maritime Research, Global Container Terminal Operators, Annual Review and Forecast, Annual Report 2020/21, page 22.

¹³ These are: Felixstowe Trinity Terminal, Felixstowe South Terminal (both operated by HPH), DPW Southampton and DPW London Gateway, Peel Ports’ Liverpool 2 and ABP Immingham.

¹⁴ The rise of Chinese global terminal operators, Ningbo Maritime Silk Road Port Conference, Drewry, July 12, 2017. See also Final Merger Notice (*FMN*) Annex 151 - [...].

centralised procurement teams which are responsible for the purchase of equipment on a global basis. In the Parties' experience, price is the determining factor in a customer's selection process. The growing presence of Chinese OEMs therefore ensures that customers may leverage any "underbid" received to secure lower prices. In addition, the Parties are also aware of collaborations among port terminals to reduce operating costs in what may likely further enhance the ports' strong buyer power against suppliers (such as container handling equipment suppliers and, indeed, shipping lines). For example, the Hong Kong Seaport Association is a joint venture founded in 2019 by a group of terminal operators¹⁵ formed to improve the Port of Hong Kong's competitiveness, and which involves joint management of operations at the joint venture parties' 23 Hong Kong terminals.¹⁶

- **The nature of bidding markets guarantees intense competition.** Broadly speaking, the Parties operate in traditional bidding markets with formal tendering the norm for many CHE product types (i.e. bidding markets by definition).¹⁷ The prevalence of bidding processes require a different analysis to markets where such processes are absent; in particular, a greater focus on supply side substitution is appropriate, that is, the firms who have the capability or the potential capability to supply the specific product.¹⁸ It is evident that the extent of competition will not be affected post-Merger as the presence of Chinese and other competitors will provide continued constraints on the Merged Entity. This will be discussed in greater detail in the context of each Specified Product in the sections to follow.
- **Resourcing advantages and the Chinese State's push for technological advancement** have given Chinese competitors a head start on automation. Through its "Made in China 2025" initiative, the Chinese government continues to encourage Chinese OEMs to invest in innovative, high-technology equipment and automation solutions, in order to achieve the goal of becoming the world's technological leader.¹⁹ This push for innovation is facilitated by the resourcing advantages described at para. 3.9 *et seq.* below, which allow Chinese competitors to spend more on R&D per annum than their non-Chinese competitors. For example, Sany's R&D expenses in 2019 increased by approx. 59% year-on-year and going forward, Sany is set to continue to invest approx. 4% of its total sales in R&D, which is a significant proportion for an industry not typically driven by innovation.²⁰ Cargotec's internal documents refer to Sany's R&D efforts as a competitive threat stating that [...] ²¹ With respect to reach

¹⁵ Modern Terminals Limited and HPH on behalf of Hong Kong International Terminals, COSCO-HIT Terminals and Asia Container Terminals.

¹⁶ In Case EC/03AY, *The Hong Kong Seaport Alliance* (dated 30 October 2020), the Hong Kong Competition Commission approved the the Hong Kong Seaport Association with commitments, including a commitment to cap charges for services to shipping lines (specifically for gateway cargo transported between the Port and the hinterland) and to maintain reciprocal overflow arrangements with DPW on terms no less favourable than previous agreements.

¹⁷ Paul Klemperer, "Bidding Markets", June 2005, report prepared for the Competition Commission. In this paper, Klemperer describes five features of an idealised bidding market as being: (i) winner takes all, so each supplier either wins all or none of the order. There is therefore no smooth trade-off between the price offered and the quantity sold; (ii) lumpy competition, that is, each contest is large relative to a supplier's total sales in a period; (iii) every contest is a new contest. In other words, there is no 'lock-in' by which the outcome of one contest importantly determines another; (iv) sometimes, entry of new suppliers into the market is easy; (v) involves a bidding process.

¹⁸ OECD, *Competition in Bidding Markets* (2006), see submission of the United Kingdom at: <https://www.oecd.org/competition/abuse/38773965.pdf>.

¹⁹ See "China to invest big in "Made in China 2025" strategy", available at: http://english.www.gov.cn/state_council/ministries/2017/10/12/content_281475904600274.htm. See also the Parties' Response to the CMA's 6(1)(c) Decision (the *6(1)(c) Response*), para. 68.

²⁰ See "Sany Heavy Equipment (631 HK): New products driven growth", available at: <http://www.crosby.com/news-all/744>.

²¹ FMN Annex 655 – [...].

stackers, Cargotec notes in an internal document that [...] ²² Westwell Lab, another Chinese POE, is leading the way in the development of A-TTs, with Chinese SOEs Shaanxi (in collaboration with ZPMC) and Sinotruk also among the most advanced players. By contrast, [...]. ²³ As the Department of Transport’s strategic outlook focuses heavily on automation and electrification in the forthcoming years, Chinese competitors are uniquely positioned to win future tenders given their ability to heavily invest in R&D.

3.8 Table 2 sets out the extent to which potential replacement units for each equipment type may be opening for tender in respect of cranes and HTE in the UK over the next 10 years. As can be seen, a significant proportion of the market may become open for tenders which, in light of the number of Chinese suppliers active in each relevant segment, is likely to significantly impact market shares in the UK of the Specified Products. Indeed, based on data available to the Parties, ZPMC is particularly likely to have significant spare capacity based on its deliveries of RTGs. ²⁴ The Parties’ internal documents highlight this threat: one Cargotec document says, [...] ²⁵ while one Konecranes document states [...] ²⁶ ZPMC’s substantial capacity expansion, coupled with its existing spare capacity for RTG production, suggest that Chinese competitors are strongly commercially incentivised, in order to win orders, to utilise their existing spare capacity and this would be the case notwithstanding the political drivers that also motivate their international expansion.

Table 2: Illustrative example of potential equipment demand in the UK (cranes and HTE) in the coming ~10 years based on equipment lifecycle only

	(A)	(B)	(C)	(D)	(E)	(F)
Equipment	Current active units (installed base)	Approximate lifecycle of installed base (years)	Recent equipment deliveries identified (based on a public search of materials)	Total units available for replacement in the next ~10 years (A) – (C)	Total units available for replacement in the next ~10 years (Chinese terminals)	Potential share of current active units (D) ÷ (A) (%)
STSS	106	24	51 (over the last 11 years)	55	23	52
RMGs	3	21	0 (over the last 11 years)	3	Nil	100
RTGs / ARTGs	124	20	29 (over the last 10 years)	95*	85*	77*
ASCs / ARMGs	88	21	88 (over the last 11 years)	Nil*	Nil*	0*
Straddle carriers	189	15	73 (over the last 5 years)	116	Nil	61
Shuttle carriers	40	15	12 (over the last 5 years)	28	Nil	70

Source: Public information, WCN reports and Parties’ data. This table includes equipment in medium and large seaside terminals only (terminals with >100k TEUs in 2020). Equipment lifecycle are based on average of Parties’ estimates: where Parties estimated a range, the midpoint of the range is used. MEQs are not listed as, based on the Parties’ experience, their equipment

²² FMN Annex 166 – [...].

²³ See further the Parties’ response to RFI 1, Question 12.

²⁴ ZPMC was able to deliver 957 RTGs in the 2010-13 period. It delivered a lesser amount of 568 RTGs during the 2018-2020 period, suggesting that it has capacity to produce many more RTGs than it delivered during the past three years. See the 6(1)(c) Response, paras. 58 and 159 *et seq.*

²⁵ FMN Annex 255 – [...] and FMN Annex 256 – [...].

²⁶ FMN Annex 163 – [...].

renewal is more frequent and regularly takes place every ~5 years. This table does not include other factors which drive additional changes in demand (such as vessel changes, terminal upgrades and others).

* This table does not include ongoing tenders. However, please note that [...]

(b) Access to cheaper inputs – preferential cost base which significantly constrains competition

3.9 As explained in the Parties’ Phase 1 Decision Response, that Chinese SOEs and POEs are based in a “centrally planned” economy is significant for the competitive analysis.²⁷ In this context, it is well known that China extensively subsidises domestic industry both directly by financial means,²⁸ but also indirectly – via subsidised inputs such as land, energy and raw materials, among other means,²⁹ often at the exclusion of non-Chinese companies due to a lack of local presence or scale.³⁰ By way of example, whilst the focus of Sany’s operations has significantly shifted worldwide,³¹ Sany continued to benefit from government loans in its purchase of the German company Putzmeister,³² and its founder and chair has strong affiliations to the Chinese Communist Party.³³ Between 2007 and 2014, Sany is estimated to have accrued gross subsidies of approx. GBP 271 million for its machinery and equipment activities alone:

Table 3: Subsidies Sany received in the machinery and equipment sector from 2007 to 2014³⁴

Sany	Revenues in 2014 (millions)	Subsidies (millions)								
		2014	2013	2012	2011	2010	2009	2008	2007	Gross subsidies
~RMB	23,367	380	694	577	937	95	30	25	18	2,756
~GBP	2,301	37	68	57	92	9	3	2	2	271

(i) Steel subsidies

3.10 China’s subsidisation of its steel sector – a major component of all container handling equipment³⁵ – is also particularly well known, having led to a quite extraordinary increase in Chinese production capacity from 152 million MT in 2001 to 808 million MT in 2016. Indeed, in 2018, the United States published a communication through the WTO which highlighted the impact of Chinese industrial policy which, notwithstanding the promise of reform, remains state-led and a “trade-disruptive economic model” that imposes substantial costs on, and presents severe challenges to, WTO Members.³⁶ In 2019, China produced 53% of the world’s steel³⁷ and centralised procurement of steel is evident in the industry (as an example, HHMC

²⁷ See the decision of the Bundeskartellamt (*BkA*) in File No., B4-115/19 *CRRC/Vossloh Locomotives* (dated 27 April 2020).
²⁸ See the Phase 1 Decision Response, Table 2.
²⁹ Mark Wu, “The “China, Inc.” Challenge to Global Trade Governance” (2016) 57 *Harvard International Law Journal* 261.
³⁰ Whilst the criteria to qualify for a subsidy is not transparent, [...] is usually required before a company may benefit from such grants, which therefore excludes many non-Chinese companies lacking such local scale.
³¹ See e.g. Sany Group press release dated 20 June 2016, “Sany Group Expands in Overseas Markets through Localization”, available at: https://www.sanyglobal.com/press_releases/104/.
³² Lin et al, *Corporate Governance of Chinese Multinational Corporations* (Palgrave, 2020), page 186.
³³ Richard McGregor, “How the state runs business in China”, *The Guardian*, 25 July 2019, available at: <https://www.theguardian.com/world/2019/jul/25/china-business-xi-jinping-communist-party-state-private-enterprise-huawei>.
³⁴ Wu, *Reforming WTO Rules on State-Owned Enterprises in the Context of SOEs Receiving Various Advantages* (Berlin: Springer, 2019), 95. An indicative exchange rate of 1 GBP = RMB 10.15352517 was applied using the monthly average values in 2014 noted – see: <https://www.x-rates.com/average/?from=GBP&to=CNY&amount=1&year=2014>.
³⁵ By way of example, Cargotec’s Kalmar Strategic Business Unit purchases heavy steel structures, medium and light steel equipment and parts as well as raw steel.
³⁶ WTO General Council, *China’s Trade-Disruptive Economic Model – Communication from the United States*, WT/GC/W/745, 16 July 2018, para. 3.5.
³⁷ UK House of Commons Library, *UK Steel Industry: Statistics and Policy* (18 June 2021), page 10.

acquires its steel plate materials from CSSC “in a centralised way, with reliable purchasing channels and quality”).³⁸

- 3.11 Whilst it is not possible to comprehensively estimate the extent of steel subsidies available to a Chinese supplier;³⁹ a recent US investigation into the subsidised export of fabricated structural steel from China estimated subsidy amounts received by relevant exporters to range between USD 582 per tonne to USD 4,398 per tonne in 2018, with the notional China domestic price at approx. USD 5,413 (or approx. GBP 3,940) per tonne in 2018.⁴⁰ Based on Cargotec’s experience, Chinese competitors are able to acquire steel at up to [...] than a non-Chinese supplier in the Chinese market. This translates into a potential saving of up to [...] in input costs when considering heavier equipment such as an STS crane, which typically is composed of approx. 40% steel. Coupled with the additional export and other subsidies and grants that Chinese suppliers may receive (including the advantage on transport costs, discussed below), these are significant advantages not available to the Parties.

(ii) Transport costs

- 3.12 As explained in Section 2, the Parties and the CHE industry operate on a global basis. Manufacturing is generally centralised to ensure that there are economies of scale, rather than having a dispersed production set-up to save on transport costs, which can account for up to around 10% of the overall purchase price, depending on equipment size and transport distance. Whilst these costs may not amount to a significant proportion of the overall purchase price, the precise input cost to the Parties, when compared to Chinese OEMs, can vary significantly given they rely on third-party commercial shipping companies for delivery and are therefore subject to spot rate volatility and increasing market freight rates. On the other hand, parallel advancement of Chinese companies in the container shipping industry more broadly ensures that Chinese manufacturers may benefit from preferential shipping services – for example, ZPMC has its own fleet of ships for transporting CHE (as noted in para. 2.2) but also has a strategic partnership with the integrated shipping company, COSCO, in the CHE and maritime engineering sectors. The ability for Chinese OEMs to obtain preferential transport services from other SOEs and POEs therefore provides them with potentially yet more cost benefits that are not available to the Parties.

(c) Key losses and no-bid decisions

- 3.13 Competitive advantages therefore clearly arise as a result of state subsidies granted to individual Chinese companies or industries in China for industrial policy purposes.⁴¹ It would therefore be inappropriate to regard competition from Chinese suppliers as competition on the merits, a position already recognised by the European Commission in its White Paper on foreign

³⁸ See <http://en.qdhhmc.com/about.asp?id=1112>.

³⁹ Direct subsidies are typically reflected in company reports, but indirect subsidies are much harder to determine and quantify. This is for various reasons, including the fact that they can be granted by sub-federal levels of government, and also the fact that they can be granted by SOEs involved in upstream industries. In both cases, transparency is lacking. Moreover, China has for some years failed to notify its indirect subsidies to the WTO, contrary to its WTO transparency commitments. This has led several WTO Members, including the EU, the US, Canada and Japan, to propose various sanctions within the WTO.

⁴⁰ See US Department of Commerce International Trade Administration, “Fact Sheet: Commerce Finds Dumping of Imports of Fabricated Structural Steel from Canada, China, and Mexico, and Countervailable Subsidization of Imports of Fabricated Structural Steel from China and Mexico”, 24 January 2020, available at: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-fabricated-structural-steel-ad-cvd-final-012420.pdf>.

⁴¹ The German Monopolies Commission, *Chinese state capitalism: A challenge for the European market economy (Chinese State Capitalism)*, July 2019, para. 581, available at: https://www.monopolkommission.de/images/HG23/Main_Report_XXIII_Chinese_state_capitalism.pdf.

subsidies⁴² and related Impact Assessment.⁴³ Subsidised inputs for instance can lead to a reduction in variable costs which can directly impact prices and some Chinese suppliers are further insulated from the consequences of their pricing decisions with loss protection subsidies.⁴⁴ This enables Chinese suppliers to bid on tenders in a manner not dictated by their competitive merits and thereby to act as a significant constraint in any given tender or other negotiated sales process. The CMA will need to make the distortive effects of Chinese state direction and support an important facet of its investigation.

3.14 Cargotec has recently lost significant tenders or submitted “no bid” decisions as a result of such competitive constraints:

- [...]
- [...]
- [...]
- [...]
- [...]

3.15 Competitive pressure can be assessed based on the Parties' profitability, both in terms of margins and return on capital at the global level. By way of illustration, Konecranes' WACC in 2020 for MEQ was 9.4% which [...]. Similarly, its WACC for the port cranes business in 2020 was 8.9% when its net margin amounted to [...] (as an average of RTG, ARTG, ASC, and STS margins).⁴⁵ In 2020, the weighted average cost of capital (WACC) for the Kalmar was 9.9%, which is [...].⁴⁶

3.16 The above demonstrates that the competitive tendering processes created by sophisticated customers in combination with the unassailable competitive advantages available to Chinese owned or controlled competitors due to state sponsorship create considerable competitive pressures on the Parties. The result is that there is an increasing number of tenders in which the Parties are unable to succeed, or in Cargotec's case to bid at all. Moreover, the Parties' margins are at best in line with their cost of capital, which itself refutes any notion that they have market power arising from their historical market shares.

4. DISTRIBUTORS HAVE A SIGNIFICANT ROLE IN MOBILE EQUIPMENT

4.1 Whilst the dynamics described above also apply in the context of MEQ, additional competitive constraints arise in these markets as a result of the distribution strategies adopted in selling reach stackers, ECHs and FLTs. In this respect, the Merged Entity will continue to be constrained as a result of the following factors, each of which will be discussed in turn:

⁴² European Commission, *White Paper on levelling the playing field as regards foreign subsidies*, 17 June 2020, available at: https://ec.europa.eu/competition/international/overview/foreign_subsidies_white_paper.pdf.

⁴³ European Commission, *Commission Staff Working Document Impact Assessment Accompanying the Proposal for a Regulation of the European Parliament and of the Council on foreign subsidies distorting the internal market (the **Impact Assessment**)*, 5 May 2021. Available at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=SWD:2021:99:FIN>.

⁴⁴ Chinese State Capitalism, *supra* at footnote 41. See also the Impact Assessment, page 24. See also para. 4.11 of the Phase 1 Decision Response.

⁴⁵ See Konecranes Governance and Financial Review 2020, page 81 for Konecranes' WACC data; see Konecranes P&L gross margin data by business line for non-MEQ gross margin; see Konecranes MEQ order-level contribution margin data for MEQ gross margin; and see Konecranes P&L EBITA data by business line for net margins.

⁴⁶ See Cargotec Annual Report 2020, page 101 for WACC data and Cargotec P&L statement for margin data.

- new entry facilitated by the adoption of distribution models; and
- the competitive constraints imposed upon OEMs by distributors.

(a) Distributors facilitate entry of new competitors

4.2 Distributors have local market knowledge and strong customer relationships, which are some of the main reasons for OEMs to rely on distributors as an alternative to establishing their own local sales network. Indeed, a distributor’s ability to offer tailored sales and services to customers providing expert advice on equipment, spare parts and, often, after-sales services provides a quick “entry point” on any local market where an OEM would otherwise be reluctant to establish its own local presence. As a corollary, MEQ customers also often prefer to deal with distributors as they offer a wide range of products (extending beyond port handling equipment) and may provide a “full line” of products and services to customers not available from OEMs directly.

4.3 Regionally, it is noted that there are 339 distributors active in the EEA which are selling the MEQ of not only established players such as Hyster, CVS and Svetruck, but also of smaller (non-European) competitors such as Komatsu, Doosan, Hyundai and Mitsubishi.⁴⁷ This also applies to the UK – there are around 90 distributors with experience in MEQ in the UK.⁴⁸ In this respect:

- These distributors currently supply (or could expand to supply) heavy FLT’s, ECH’s and/or reach stackers, particularly noting that distribution agreements usually have short notice periods (6-12 months) and distributors can switch to another supplier in a relatively short period of time. For example, Sany signed a distribution agreement with Cooper Handling which had until 2016 been Konecranes’ distributor.⁴⁹ Sany is now used by a number of customers that previously purchased Konecranes’ mobile equipment and has a leading position in reach stackers in the UK (with a share of 58% in 2020). Indeed, as noted by Cargotec, [...] ⁵⁰
- Transactions between OEMs and distributors are typically based on list prices (subject to various discounts, which are reviewed regularly to adjust for costs and market conditions). However, further project-specific discounting may also be provided by the OEM at the distributor’s request, when for instance, the distributor is facing intense price competition or countervailing buyer power. This is particularly useful for new entrants as distributors seeking to market an OEM’s products for the first time in a particular region can use additional discounts to entice customers to purchase the new entrant’s equipment.

4.4 In addition, OEMs can also rely on distributors with experience in other heavy construction and load-handling equipment sectors which may provide an additional avenue for enlarging the OEM’s customer base. For example, the Parties understand that Sany is aiming to enhance its dealer network through Cooper Handling and potentially through its construction equipment activities in the UK.⁵¹

⁴⁷ See Annex Q7 to EC RFI 19, provided to the CMA on 23 July 2021.

⁴⁸ See Annex 9.4 to RFI 1.

⁴⁹ Sany also signed a contract with Cargotec’s previous dealer in the US, Equipment Depo.

⁵⁰ FMN Annex 164 – [...]

⁵¹ See e.g. <https://www.sanyuk.com/news/sany-announce-co-tractors-as-new-dealer-for-english-south-coast/>.

(b) Distributors exert a strong competitive constraint in mobile equipment sales

4.5 With regard to inter-brand competition:

- Distributors typically have non-exclusive contracts with OEMs, as evidenced by the fact that several of them already sell multiple brands of the same type of mobile equipment. Of the 90 MEQ distributors in the UK, at least 13 operate a multi-branding strategy. For example, Mid Sussex Forklift Services supplies FLT's of both Hyster and Linde, and Armill Lift trucks supplies the FLT's of both Hyster and Hangcha.
- Distributors typically compete fiercely with OEMs selling competing brands directly, and with other distributors. As noted below at para. 7.7, price is an increasingly important factor in winning bids for mobile equipment in the UK.

4.6 Distributors facilitate intra-brand competition by competing for orders with other distributors of the same brands. As mentioned above, distribution contracts are typically non-exclusive and do not impose territorial restrictions on sales, and there are a number of OEMs selling the same products to more than one distributor. For example, Doosan has a network of approx. 27 distributors in the UK, while Hyster, Hyundai and Manitou have six each.

5. CONCLUSION

5.1 The above illustrates that the Parties are significantly constrained by sophisticated purchasers using effective tendering techniques to enhance pricing pressures on suppliers; and by existing or potential global competitors, in particular Chinese suppliers with the inherent advantages of state sponsored support. The ways in which these dynamics manifest themselves is discussed further below in relation to each Specified Product.

C. THEORIES OF HARM: NO HORIZONTAL UNILATERAL EFFECTS

6. NO COMPETITION CONCERNS IN THE SUPPLY OF CRANES

6.1 The CMA's preliminary concerns in respect of cranes are not justified. The Merger does not give rise to competition concerns in relation to either RTGs or ASCs for the following reasons:

- The markets for RTGs and ASCs are global markets characterised by intense competition, particularly from state-backed Chinese suppliers that benefit from a number of inherent advantages, as described in Part B above. These competitors, as well as other established European suppliers, many of which are already well-established in the UK, will continue to be a considerable competitive constraint post-Merger.
- ZPMC is the clear market leader in RTGs globally and also enjoys a well-established position in Europe and the UK. ZPMC is also the clear market leader in ASCs both globally and in Europe.
- Liebherr is also a significant supplier, having won three out of the eight RTG tenders in the UK since 2014 (two at Teesport in 2014 and 2019 and a further contract at the Bristol Port Company in 2018). There are at least four other competitors (including Mitsui, Sany, Kuenz (new entrant), Baltkran (new entrant)).

Accordingly, the Parties are not, and should not be considered as, the “*leading supplier of RTG in Europe*” nor as “*pre-eminent suppliers in Europe*” of ASCs over the last 10 years.

- Customers purchase cranes through highly structured and competitive global tenders. As noted at para. 3.5 above, the vast majority of customers for this type of equipment are highly sophisticated GTOs that enjoy significant buyer power.
- There has been no sales overlap between the Parties over the past 10 years in either ASCs or RTGs in the UK as Konecranes has generated no sales in either product. Further, little demand for ASCs is anticipated in the UK in the near future (see Table 2 above). Demand for RTGs is expected to arise primarily from Felixstowe which in the past has purchased from ZPMC and is expected to do so again.

6.2 The Merger cannot, therefore, substantially lessen competition in the UK in respect of RTGs or ASCs. This is elaborated further below.

(a) **Competitive dynamics in the supply of cranes in the UK**

(i) ***Chinese (and other) suppliers are already established in the UK, and further entry is likely***

6.3 Competition from Chinese suppliers is already fierce:

- On a global basis, ZPMC was the clear global leader over the 2010-2020 period with ASC shares of approx. [50 – 60] % and overall RTG shares of approx. [40 – 50] %.
- ZPMC is a leading supplier of cranes in the UK to Felixstowe's South and Trinity terminals, the UK's largest container port, as well as to Liverpool 2 (owned by Peel Ports). In addition, ZPMC has supplied other types of gantry cranes [...]. Its share in

the UK is approx. [20 – 30]% in ASCs and approx. [50 - 60]% in RTGs over the 2009-2020 period⁵² and, in view of the expected replacement of RTG and ARTG units and [...] (see Table 2 and para. 3.14), the Parties expect a significant proportion of future supply will be awarded to ZPMC.

6.4 [...].^{53 54}

6.5 In addition, further Chinese entry is anticipated. The tender data over the period between 2009 and 2020 shows that Sany, CSSC as well as HDHM each won manual RTG and ARTG tenders globally (outside of China). ZPMC, CSSC and HDHM have also delivered ASCs globally (outside of China) for the same period. Some of this success, as detailed in Part B above, is due *inter alia* to the competitive advantages that Chinese suppliers enjoy through the subsidisation of steel, which is a major component of cranes. In addition to access to low cost inputs and financing, Chinese suppliers such as ZPMC and Sany are investing heavily in R&D, and have brought a number innovations to market e.g., ZPMC’s “*automation breakthrough*” and “*global first*” technology in ASCs⁵⁵ (see Section 3).

6.6 As noted above, Liebherr is also a successful supplier, winning several RTG contracts to UK ports. The modest barriers to entry and expansion in the markets for cranes are also evidenced by recent non-Chinese entrants such as Baltkran in RTG, as well as Kuenz's successful launch of its innovative “Freerider” RTG.⁵⁶

(ii) The cranes purchasing processes drive competitive outcomes

6.7 As discussed in Part B above, cranes are purchased through highly structured and competitive tenders characterised by a robust procurement department.

6.8 The cost advantages from which Chinese suppliers benefit, as detailed above, have allowed them to deploy aggressive pricing strategies against competing suppliers. Price is frequently the key parameter on which suppliers win tenders for cranes.

6.9 This is reflected in the Parties recent experience of bids to supply cranes in the UK. The Parties have recently lost tenders or submitted “no bid” decisions with regard to gantry cranes as a result of such competitive constraints – as set out in para. 3.14:

- [...]⁵⁷
- [...]

(iii) Internal documents substantiate strong competition from Chinese and other suppliers

6.10 The ongoing and increasing competitive threat from Chinese suppliers is well documented in the Parties' internal documents.

⁵² Based on units delivered between 2009 and 2020 – see Annex 8.1 to RFI 1.

⁵³ FMN Annex 154 – [...].

⁵⁴ FMN Annex 823 – [...].

⁵⁵ See <https://www.worldcargone.com/news/news/automation-breakthrough-for-zpmc-65461>

⁵⁶ See FMN, paras. 1089-1090.

⁵⁷ **Issues Statement Response Annex 1 – [...]**

6.11 For example, a Konecranes internal document notes [...] ⁵⁸ Another example of note is in [...], where reference is made to the fact that [...] ⁵⁹

Figure 1: [...] ⁶⁰

[...]

Figure 2: [...] ⁶¹

[...]

6.12 These market dynamics – through competition from Chinese (and other) suppliers and highly competitive tenders – are important aspects to the assessment of whether the Merger would result in a substantial lessening of competition in RTGs and ASCs, regardless of the geographic market definition, as further explained below.

(b) RTGs

6.13 Both Parties have a modest position in the supply of RTGs on a global basis, with a combined share of approx. [30 – 40] % for 2018-2020. The Parties compete with a number of well-established global players, including market leader ZPMC (approx. [40 – 50]%), Mitsui (approx. [10 – 20]%), Liebherr (approx. [5 – 10]%), Sany (approx. [5 – 10]%) and others for the same period.

6.14 Notwithstanding the Parties' firm view that the market for RTGs is global, as regards the UK, and as expanded upon below, only Cargotec has been successful – to a degree – in supplying RTGs in the UK in the period from 2017-2020. Conversely, Konecranes has not won any orders for RTG in the UK for over 10 years (with its last delivery of RTGs having taken place in 2011). ⁶² Unlike a new entrant to the market seeking to enter or expand, Konecranes is a well-established global and European supplier of RTGs – Konecranes' lack of success with UK customers over a period of 10 years is therefore significant.

(i) *Post-transaction the Merged Entity will continue to face several competitors including ZPMC and Liebherr*

6.15 The Issues Statement raises a potential concern that the Merged Entity will be the leading supplier of RTGs in Europe, and that the Parties are two of the main four suppliers of RTGs in the UK (together with ZPMC and Liebherr).

6.16 In the Parties' view, this finding unfairly dismisses a number of established European and non-European suppliers of RTGs as credible alternatives to the Parties, in particular where it is clear that competition exists on a global basis. In addition to the recognised credible alternatives named in the Issues Statement, ZPMC and Liebherr, which are already strong suppliers of cranes in the UK, other global suppliers such as Mitsui, Sany, Kuenz (new entrant) and Baltkran (new entrant) are also capable of bidding for UK tendering opportunities (please see **Appendix 1**).

⁵⁸ FMN Annex 357-Q – [...].

⁵⁹ FMN Annex 357-J – [...].

⁶⁰ *Supra* at footnote 58, slide 2.

⁶¹ *Id.*, slide 7.

⁶² [...]

(ii) The Parties cannot be considered as close alternatives for UK customers and are not the “two of the main four suppliers of RTG” in the UK

- 6.17 If the CMA views Konecranes as a credible supplier to UK based customers – despite it not having generated any sales over the past 10 years – then it must also consider the aforementioned competitors as credible alternatives. All of them are active in RTGs globally and have all supplied RTGs to Europe-based customers.⁶³
- 6.18 Chinese supplier ZPMC, the global leader in RTGs, is also the clear market leader in the UK, with a share (based on shipments) of approx. [30 – 40] % for the 2018-2020 period.⁶⁴
- 6.19 Liebherr also enjoys an established position in the UK with a share of approx. [20 – 30] %. ZPMC and Liebherr thus together account for approx. [50 – 60] % of the UK sales of RTGs during 2018-2020 (and almost [70 – 80] % for the 2009-2020 period).⁶⁵
- 6.20 It bears particular emphasis that there has been no sales overlap between the Parties during the last 10 years in the UK (with Konecranes making its last RTG delivery in the UK in 2011 and only Cargotec having enjoyed some (limited) success in winning tenders). By contrast:
- ZPMC has supplied both the South Terminal and Trinity terminal at Felixstowe (the UK's largest port), delivering 8 units in 2019. [...]
 - Liebherr has supplied RTGs to both Immingham and Teesport Container Terminal 2 – in the case of Teesport replacing Konecranes which had previously delivered RTGs to Teesport in 2011.
- 6.21 Further, Liebherr is well known as a leading innovator in the cranes sector,⁶⁶ and ZPMC is investing significant amounts in development of new products and automation (see for example, its recent innovation in ASCs, referenced above). Their competitive roles, therefore, are expected to remain strong.
- 6.22 In addition to ZPMC and Liebherr, the Parties consider that the competitors mentioned in **Appendix 1** are all highly credible alternatives to UK customers (even if they are not currently supplying UK customers).⁶⁷ Sany, in particular, is well poised to expand in the UK following its partnership with Cooper Handling, building upon its aggressive and successful expansion in neighbouring port equipment markets (e.g., reach stackers, ECHs and FLT). In 2018, Sany Europe added a complete portfolio of cranes to customers located in Europe. The range consists of STS cranes, MHCs, RTGs and RMGs, and Sany has also established an after-sales service offering based out of Germany.⁶⁸ Sany recently delivered STS cranes to the Baltic Container Terminal (Latvia),⁶⁹ and continues to focus on expanding the range of products sold to European customers, including various gantry cranes. Mitsui is also believed to have participated in a 2014 tender to supply RTGs to Teesport (which was ultimately won by Liebherr). The Parties note that Cooper Handling markets Sany RTGs (as well as STSs and

⁶³ See FMN, Table 152 and the Parties' response to RFI 1, Question 8.

⁶⁴ See Annex 8.1 to RFI 1.

⁶⁵ See Annex 8.1 to RFI 1.

⁶⁶ See <https://www.liebherr.com/shared/media/maritime-cranes/downloads-and-brochures/brochures/lcc/liebherr-container-cranes-brochure.pdf>.

⁶⁷ See the Parties' response to RFI 1, Question 8.

⁶⁸ See <https://www.sanyeurope.com/en/services/wartung-support/>.

⁶⁹ See <https://www.sanyeurope.com/en/sany-container-crane-in-latvia/>.

RMGs) on its website.⁷⁰ As noted above, Sany, Mitsui, Baltkran and Kuenz are all already supplying RTGs to Europe and could therefore readily bid to supply customers in the UK.

- 6.23 The highly competitive nature of the supply of RTGs is apparent from the Parties' internal documents. As noted in the excerpt from a Konecranes internal document, [...]⁷¹

Figure 3: [...]

[...]

- 6.24 Looking ahead, there are several terminals in the UK thought to be using RTGs.⁷² Approximately 50% of container throughput in the UK is handled by RTG terminals, primarily at the Port of Felixstowe which contains roughly 75% of all RTGs currently active in UK container terminals.⁷³ Based on public information on the age of its existing fleet, most of the anticipated demand for RTGs in the UK in the next five years for replacement of RTG fleet would be at Felixstowe.⁷⁴ ZPMC has won all previous contracts to supply RTGs at the Port of Felixstowe and can be expected to have a considerable advantage in this respect. As noted above, [...].
- 6.25 In light of the above, Konecranes cannot be considered as a “main” supplier of RTGs in the UK. At most, Konecranes could be considered as a potential UK supplier, together with several other global competitors.

(iii) The tendering sales process drives competitive outcomes

- 6.26 The supply of cranes is a classic bidding market. Competition in markets such as this, where price is determined through a bidding process, can be expected to result in competitive outcomes even with only a few bidders.⁷⁵ In this case, there can be expected to be several bidders post-Merger – including at least Liebherr, ZPMC and possibly Sany.

(iv) Conclusion

- 6.27 As demonstrated above, there are at least five current suppliers of RTGs in Europe who could be considered credible alternatives for UK customers and two competitors already supplying customers to the UK who have been more successful than Konecranes in the supply of RTGs. Further, new demand for RTG replacements in the next five years is expected to be primarily focused at Felixstowe, where ZPMC is expected to have unassailable competitive advantages. Accordingly, there is no reasonable basis on which the Merger will result in a substantial lessening of competition in the supply of RTGs.

⁷⁰ See <https://cooperhandling.com/our-products/container-cranes/>.

⁷¹ [...]

⁷² These are: Belfast (Victoria Terminal 3), Felixstowe (Trinity and South Terminal), Hull (King George Dock), Immingham (Immingham Dock), and Teesport (Terminal 2).

⁷³ Other significant RTG container terminals in the UK include the ABP Exxtor Terminal at Immingham and Teesport Container Terminal at Teesport, while RTGs are also used in some intermodal terminals.

⁷⁴ As noted in Table 2, these estimates are based on equipment lifecycle and do not include other factors which drive additional changes in demand (such as vessel changes, terminal upgrades and others).

⁷⁵ See Competition Commission, “Report on the proposed joint venture between Alpha Flight Group Limited and LSG Lufthansa Service Holding SG”, 14 March 2012, para. 7.3, and Klemperer, *supra* at footnote 17.

(c) ASC

6.28 The Merged Entity will compete with a number of global competitors, including ZPMC (the clear market leader in ASCs with a share of approx. [50 – 60] % globally and [50 – 60] % in Europe for 2018-2020.

6.29 There is no overlap between the Parties in supplying customers in the UK with ASCs. Indeed, whilst Cargotec has been the leading supplier of ASCs in the UK over the 2009-2020 period (followed by ZPMC), Konecranes has generated no sales.

(i) Post-transaction the Merged Entity will continue to face several competitors including ZPMC and Kuenz

6.30 The Issues Statement suggests that the Parties have been the “pre-eminent suppliers of ASC in Europe over the past 10 years,” and that their offerings are “close alternatives for UK customers”, competing mainly with two other suppliers (ZPMC and Kuenz). This is incorrect for the following reasons:

- Within Europe, tender data clearly identifies Kuenz to be the most successful competitor in ASCs – the Parties estimate that [...].
- Within the UK, whilst Cargotec has had some historical wins in ASC tenders, Konecranes has not won any tenders for ARMGs/ASCs.
- The Parties note that, consistent with the introduction of China’s “Belt and Road” initiative, their global combined shares in ASCs experienced a significant decline from approx. [...] between 2010-2013 to approx. [...] in 2018-2020. This is matched against the steady rise of players like CSSC (increasing from [...] to approx. [...]) and Sany (increasing from [...] to approx. [...]) over the same period.

6.31 Rather, the “pre-eminent” suppliers of ASCs both at the global and European levels are ZPMC and Kuenz who, combined, have succeeded in tenders accounting for approx. [50 – 60]% of global, and over [70 -80]% of European, demand.⁷⁶

6.32 Within the UK, ZPMC has participated in all tenders for ARMGs/ASCs and won the tender for Liverpool 2. In addition, the most recent ARMGs/ASCs supplied at Liverpool 2 were not tendered but rather awarded directly to ZPMC. ZPMC’s offering was sufficiently competitive that Peel Ports purchased a second batch of ARMGs/ASCs directly from ZPMC without putting the opportunity out to tender. ZPMC was also recently directly awarded a contract for the supply of two ARMGs by Salford Rail Port.

6.33 Kuenz is a significant supplier in Europe and participated in the 2011 tender for London Gateway alongside Cargotec and Konecranes and the Parties expect it to be a bidder in the ongoing tender at London Gateway along with ZPMC. In Europe, Kuenz has delivered a number of RMGs/ASCs, including Clip-Centrum Logistyczne Posen (Poland), Stadtwerke Andernach GmbH, Terminal Besitzgesellschaft Osnabrück, Bayernhafen Regensburg, Interporto Padova SpA (Italy), Lanfer Immobilien GmbH & Co. KG, České přístavy. a.s. (Czech Republic).

⁷⁶ For the 2018-2020 period.

6.34 In addition to ZPMC and Kuenz – the Parties consider there are other competitors well-placed to supply the UK. These include Sany, HHMC / CSSC, and Liebherr which have all participated in ASC tenders or have delivered ASCs worldwide (though not yet in the UK):

- **Liebherr** has or could, as one of the world's leading specialists in automation systems, extend its offering to ASCs (indeed the Parties understand that Liebherr has participated in such tenders recently outside the UK, e.g. at the Terminal Graneles Del Norte in Chile).⁷⁷ As an already established UK supplier of port cranes (including RTGs), Liebherr would be a credible alternative to the Merged Entity.
- **Sany**, which recently delivered 16 ASCs to Haixing (China), would be well-positioned, further to its successful UK expansion in neighbouring port equipment markets, to meet UK demand.
- Chinese supplier **HHMC** (controlled by CSSC) has recently delivered ASCs in China and South Korea, and the Parties understand HHMC could expand its offering to Europe and, by extension, the UK.⁷⁸

6.35 The Parties submit that if Konecranes, with no UK ASC deliveries over the 2009-2020 period, is viewed as a “close alternative to UK customers” then so too must the aforementioned competitors. Konecranes has not won any tenders for ARMGs/ASCs in the UK.

6.36 Looking ahead, only two terminals in the UK use ASCs/ARMGs: London Gateway and Liverpool 2. ZPMC has won all contracts to supply ARMGs to Liverpool 2, [...]. Indicatively, the only anticipated demand for replacements of ARMGs/ASCs in the UK in at least the next five years is for the expansion of the London Gateway terminal – [...]. As noted in Table 2, all ASCs in the UK are under 10 years old, and the expected lifespan of this equipment is 20 years, so there is no anticipated demand for replacement of ASC equipment in the next ten years.⁷⁹ As such the Merger can have no effect on competition in the UK.

(ii) The tendering market drives competitive outcomes

6.37 As noted above in relation to RTGs, the supply of cranes is through a highly competitive tendering process run by large sophisticated customers who invite global players to bid. This ensures a competitive outcome through tenders involving even only a few bidders. In this case, there can be expected to be several bidders – including at least Liebherr, Kuenz and possibly others in the future.

(iii) Conclusion

6.38 As demonstrated above, there are several current suppliers of ASCs globally and in Europe who could be considered credible alternatives for UK customers in addition to ZPMC and Kuenz that are already active in tendering in the UK. Further, Konecranes has a very limited presence in ASCs – and cannot therefore be considered a “pre-eminent” supplier over and above other players. In any event, new UK demand in the next five years is expected to be limited given existing demand has been satisfied by ZPMC and Cargotec. Accordingly there is no reasonable

⁷⁷ See <https://www.liebherr.com/shared/media/maritime-cranes/downloads-and-brochures/brochures/lcc/liebherr-container-cranes-brochure.pdf>.

⁷⁸ In terms of recent deliveries, HHMC delivered 22 ASCs to Rhizao Port (China) and 10 to Busan BNCT (South Korea). See: <https://www.worldcargonews.com/news-in-print/news-in-print/hhmc-muscles-in-on-crane-deals-62534>.

⁷⁹ As noted in Table 2, these estimates are based on equipment lifecycle and do not include other factors which drive additional changes in demand (such as vessel changes, terminal upgrades and others).

basis on which the Merger will result in a substantial lessening of competition in the supply of ASCs – the Merger would have a competitively neutral impact at worst.

7. NO COMPETITION CONCERNS IN THE SUPPLY OF MOBILE EQUIPMENT

7.1 The preliminary concerns expressed in the Issues Statement in respect of MEQ are not justified. The Merger does not give rise to competition concerns in relation to reach stackers, FLT's or ECHs for the following reasons:

- The markets for MEQ are global markets characterised by intense competition, as described in Part B above, including through distributors which not only promote competition by providing inter-brand competition between OEMs as well as intra-brand competition against other distributors but also lower the barriers to entry for global competitors to enter a market. It is therefore incorrect to characterise the Parties as “by far” the largest competitor (or for ECHs, the “largest” competitor at all) as historical market shares do not reflect competitive dynamics on the market.
- Customers purchase MEQ through an array of distributors and/or OEMs. As noted at para. 3.5 above, the vast majority of customers for this type of equipment are highly sophisticated GTOs as well as sophisticated and well-resourced companies (such as Deutsche Bahn) that enjoy significant buyer power and leverage their position to obtain the best commercial terms.

7.2 The Merger cannot, therefore, substantially lessen competition in the UK in respect of reach stackers, FLT's or ECHs. This is elaborated further below.

(a) Competitive dynamics in the supply of MEQ in the UK

(i) *Chinese (and other) suppliers are already established in the UK, and further entry is likely*

7.3 As set out in Part B, the supply of MEQ in the UK is highly competitive due to the existing presence of a number of well-established Chinese and non-Chinese suppliers as well as the potential for new entry through distributor relationships by a number of well-resourced OEMs. As explained in Part B, no regional (or, indeed, local) servicing capabilities are required for entry.

7.4 More broadly, OEMs with experience in neighbouring industries may also enter the market – for example, the Parties note that within the EEA, Swecon distributes construction equipment (including wheel loaders, dumpers, excavators, tipping trucks and road constructing machines) in various EEA countries and could – considering its knowledge in the construction industry and its presence throughout Europe – use this as an advantage to start distributing mobile equipment.⁸⁰

7.5 Therefore, it is clear that significant competitive constraints will therefore continue to exist post-Merger.

(ii) *The MEQ purchasing processes drive competitive outcomes*

7.6 As explained in the Parties' Phase 1 Decision Response, structured tender processes – such as the ones used in the sales for cranes and HTE – are utilised for larger MEQ projects or projects

⁸⁰ For more information, see <https://www.swecon.ee/>.

where public port operators acquire MEQ. Outside of this process, MEQ is typically purchased through negotiated sales processes whether pursuant to a framework agreement among panel suppliers or, more commonly, through a more open process involving panel members and other OEMs to ensure that offer prices are “marked to market.” This is then followed by one or more negotiation rounds and revised commercial proposals by the “short-listed” supplier, so that the buyer ensures a competitive price.

7.7 The Parties have observed over the recent years numerous examples of the ways in which customers are able to utilise these processes to secure lower prices, in particular given Chinese competitors are able to systematically outbid or undercut the Parties:

- [...] ⁸¹
- [...]

7.8 Finally, distribution channels in a number of industries are changing, allowing for even easier cross-border sales. This is evidenced, for instance, by the fact that now passenger vehicles and trucks are sold online.⁸² Likewise, many industrial manufacturers, including the Parties, as well as dealers and distributors already offer spare parts and components online.⁸³ The Parties expect that the general shift towards online distribution channels will also take place in the context of MEQ not least because it is a heavily commoditised product, sold in large volumes.

(iii) Internal documents substantiate Chinese entry in MEQ

7.9 Pricing pressures felt by the Parties are reflected in their internal documents. For Cargotec, for example:

- [...] ⁸⁴
- [...]. In one document, [...] ⁸⁵ In its strategic considerations, Cargotec recognises Sany as a main threat in MEQ – one internal email reads as follows: [...] The President of KAMOS replied to this email, [...] ⁸⁶ In another email chain, Cargotec’s Director for Sales Support for Counterbalanced Container Handlers (*CCH*) ⁸⁷ refers to the already established position of Sany: [...] ⁸⁸
- [...] ⁸⁹
- The electrification efforts of Sany are also recognised in the Parties’ internal documents. Cargotec’s internal documents refer to [...] ⁹⁰ With respect to reach stackers, Cargotec notes in an internal document that [...] ⁹¹

⁸¹ [...]

⁸² For websites to sell and buy passenger cars see, e.g. Carwow (<https://www.carwow.co.uk/>) or Cazoo (<https://www.cazoo.co.uk>).

⁸³ For Kalmar’s online offering for spare parts see <https://www.kalmarglobal.com/equipmentservices/kalmar-genuine-parts/>; for Konecranes’ online offering for spare parts see <https://store.konecranes.com/dcg/en>. Hyster has announced the development of a “web platform to communicate product availability”, which could be a first step towards online sales. See 6(1)(c) Response Annex C.1 – Confidential, slide 63.

⁸⁴ Slide 15 of Annex 968 – [...].

⁸⁵ *Supra* at footnote 22.

⁸⁶ *Ibid.*

⁸⁷ This is Kalmar’s division responsible for reach stackers and ECHs.

⁸⁸ *Supra* at footnote 85

⁸⁹ See para. 247 of the 6(1)(c) Response.

⁹⁰ See para. 257 of the 6(1)(c) Response.

⁹¹ *Supra* at footnote 22.

- Cargotec has recognised XCMG as a [...] ^{92 93 94}

(b) Reach stackers

7.10 The Issues Statement suggests that the Parties will be “*by far*” the largest supplier of reach stackers in the UK and Europe (and globally), that the Parties’ offerings are close alternatives for UK customers and they compete mainly with Hyster and Sany, and to a lesser extent CVS and Liebherr.

(i) *The Merged Entity will not be “by far” the largest suppliers of reach stackers in the UK and Europe (nor globally) as a result of prevailing competitive dynamics*

7.11 The Issues Statement fails to take into account the following key competitive dynamics relevant to the supply of reach stackers in the UK and Europe:

- As discussed in Part B, distributors play an important role in ensuring new entry into the UK, including in the context of reach stackers. Notably, OEMs who already supply other types of mobile or other heavy equipment often have well-established relationships with such dealers and distributors which they can also use as a distribution channel for reach stackers. A prime example is the entry of Sany in the reach stackers space, which has enabled it to gain a key position in the UK market within three years and likely to strengthen its presence given its position in the overall construction equipment industry.
- Of special note is the potential for Chinese entry given the commoditised nature of reach stackers (and MEQs generally) and where pricing plays a pivotal role in the demand for the equipment. For example, [...]. Such competitive pricing combined with sufficiently high quality has made Sany’s equipment attractive to customers, which reflects the striking growth in its UK shares of supply over the past three years – from approx. [5 – 10]% in 2017 to approx. [50 – 60]% in 2020. As a result of winning a large volume of orders since it began its partnership with Cooper Handling in 2016, the overall 2016-2020 share for Sany was approx. [20 – 30]% in the UK with its shares increasing to [50 – 60]% by 2020 – a remarkable increase since its UK entry in 2016. The effect of this on the Parties’ share has been dramatic: in 2016, the Parties had a combined [90 – 100]% share of reach stackers in the UK and it has decreased to [30 – 40]% over the 2019-20 period. Indeed, Sany’s global growth reflects the same trajectory – its share of supply has increased by almost [5 - 10]% between 2016 and 2020 (growing from approx. [10 – 20]% in 2016 to approx. [20 – 30]% in 2020). Given Sany’s rapid growth in the UK (and worldwide) and very high shares in the UK in 2019-20 in particular, Sany is likely the strongest outside option for any customer negotiating with one of the Parties.
- As detailed in **Appendix 1**, the Merged Entity will continue to face competition in the UK from many well-established players including but not limited to Sany, Hyster, CVS and Liebherr. In particular, it is noted that two additional potential Chinese competitors may have the capacity to enter the UK market through distributor relationships (ZPMC and XCMG) – in the same way that Sany has successfully penetrated the UK market since 2016.

⁹² See Annex MEQ.2 to the Parties’ submission on MEQ dated 1 July 2021 – [...]

⁹³ FMN Annex 746 – [...].

⁹⁴ FMN Annex 166 – [...].

7.12 Further, the significant investments made by Chinese suppliers into R&D in recent years (see paras. 3.7 and 7.9 above) make them well-placed to take advantage of the broader market trends towards automation and electrification. Particularly noteworthy in this respect is XCMG's electric reach stacker, which was the first such product in the world when it was released in 2018. Sany also developed a fully electric reach stacker in 2018 and now also offers a hybrid model, which won an international design award in 2020 (the 2020 IFOY Award).⁹⁵ More broadly, start-ups and other companies active in neighbouring industries can leverage R&D for other equipment, such as a technical edge in electrification, to expand also into reach stackers.

7.13 [...]. [...].

7.14 Cargotec's internal documents [...] ⁹⁶ Another document remarks, [...].

Figure 4: [...] ⁹⁷

[...]

(ii) Conclusion

7.15 As is clear from the above, strong competitive constraints in the market for the supply of reach stackers will remain post-Merger. In addition, additional entry is likely, as well as the expansion of existing overseas players such as Sany and ZPMC. Accordingly, there is no reasonable basis on which the Merger will result in a substantial lessening of competition in the supply of reach stackers.

(c) FLTs

7.16 The Issues Statement notes that the Parties will be “*by far*” the largest supplier of FLT in the UK and Europe (and globally) and that the Parties’ offerings are close alternatives for UK customers, with the other main suppliers being Hyster, Sany, Linde and Svetruck.

(i) The Merged Entity will not be “by far” the largest suppliers of FLT in the UK and Europe (nor globally) as a result of prevailing competitive dynamics

7.17 The Issues Statement appears to have taken the preliminary view that FLTs >10t constitute a distinct product market, although the precise product market definition remains open. The Parties disagree with a further segmentation between different types of FLTs – in particular as between those with a lifting capacity of above 5 tonnes and those with a lifting capacity above 10 tonnes. In the Parties’ view, this is not warranted as, from a demand-side perspective, FLTs with various lifting capacities (especially over 5 tons capacity) are interchangeable to a considerable extent and, importantly, from a supply-side perspective, it must be noted that all manufacturers of FLTs can expand their offering into all types of FLTs relatively easily:

- From a demand-side perspective, FLTs with a lifting capacity above 5 and above 10 tons are typically used in similar general industrial applications. For this purpose, customers not only use FLTs with a higher lifting capacity for heavy pieces of cargo but often also use these higher capacity trucks to handle several pieces of “lighter”

⁹⁵ See <https://www.oemoffhighway.com/trends/hybrids/press-release/21139967/sany-america-sany-hybrid-reach-stacker-wins-international-design-award#:~:text=The%20SANY%20Hybrid%20Reach%20Stacker,which%20reduce%20fuel%20use%2020%25.&text=SANY%20Europe%20announces%20it%20has,product%20SRSC45H9A%20Hybrid%20Reach%20Stacker>.

⁹⁶ See 6(1)(c) Response, para. 247.

⁹⁷ *Supra* at footnote 92, slide 7; see 6(1)(c) Response Figure 18.

cargo (e.g. 4 pieces of 4 tons each) at the same time. Alternatively, lighter FLT's could be utilised to handle the same type of cargo, underlining the considerable degree of demand-side substitutability for FLT's.

- Moreover, there is a high degree of supply-side substitutability between FLT's of different lifting capacities. All types of FLT's are based on the same technology, i.e. that the weight of the cargo being lifted is countered with a counterweight placed at the rear end of the FLT's. The design principles of lighter and heavier FLT's are therefore the same. The differences between lighter and heavy-duty FLT's are in particular related to the FLT's size and strength of certain components (such as forks, drive axles, chassis and hydraulic systems) as well as the traction of the engines installed. These standardised components, including for instance hydraulic cylinders and welding, are widely available on the market and the Parties procure them from third parties to assemble their FLT's – together with the use of the same technology, this allows manufacturers to produce all types of FLT's using their existing production capacities without having to invest in changes and all FLT manufacturers can therefore adjust their production to different types of FLT's relatively easily. It is further worth noting that several important FLT manufacturers in fact offer both lighter as well as heavy-duty FLT's. This includes, among others, Heli, Hyster, Hyundai, Linde, Taylor, Toyota and Hangzhou – Hangcha Forklift, which all offer FLT's with lifting capacities ranging from below 5 to above 10 tonnes.⁹⁸ Cargotec offers light, medium and heavy FLT's; Konecranes offers medium and heavy FLT's but considers it easily possible to expand into light FLT's using the same production facilities, technologies and processes.

The Parties look forward to discussing this further with the CMA.

7.18 Even if it is accepted that a segmentation of FLT's based on an over 10 tonne lifting capacity is correct, to the CMA's fails to take into account the key competitive dynamics affecting the supply of FLT's:

- There are a number of competitors (such as Sany, Taylor, Svertruck and Hyster) who offer a wide range of different heavy-duty FLT's of various capacities and compete directly with the Parties. Many of these players are active in all geographical areas as they have global distribution networks.
- The Merged Entity will also continue to compete for the supply of heavy-duty FLT's with a large number of well-established players who could easily expand their UK presence. As **Appendix 1** illustrates, these include Heli, Hangzhou-Hangcha Forklift, Hyundai and Doosan, among others.
- Further, the market for FLT's includes a large number of smaller operators. In the UK alone, other competitors account for an aggregate share of approx. [30 – 40] % – the equivalent European and global figures are approx. [20 – 30] % and [40 – 50] % for 2018-2020. This is a reflection of the fact that FLT's are utilised in a vast array of industrial and commercial contexts and are considerably cheaper to manufacture than some of the Parties' other products, thus making the customer base and potential supplier base larger and more varied than for their other products. The result is that the Merged Entity will continue to be constrained by this long “tail” of smaller competitors post-Merger.

⁹⁸ For further detail of the Parties' competitors' FLT offerings, see **Appendix 1**.

7.19 Distributor sales are particularly significant in the supply of FLT's:

- There is a very large number of distributors for FLT's. A single OEM's FLT's will frequently be sold by numerous distributors, thereby allowing it to gain access to geographical coverage and knowledge of local customers' businesses, which OEMs would not be able to achieve otherwise. For example Hyster sells its FLT's through seven distributors in the UK (including Briggs, its main distributor for other MEQ)⁹⁹ while Hangcha utilises ten distributors in total.¹⁰⁰ In addition, the Parties are aware of at least 17 all-brand dealers in the UK.¹⁰¹ Accordingly, new entrants have a plethora of choices. Doosan is a typical example of a competitor investing in its distribution network in order to expand its UK FLT presence in the near future. Doosan acquired Rushlift in 2015, which previously distributed Svetruck equipment. Doosan has further developed a nationwide network of 27 distributors present in 38 locations.¹⁰² Thanks to this network, Doosan has already won sales with, amongst others, former Cargotec customers, such as Stanton Bonna, Arcelor Mittal and UPM.
- Due to the commoditised nature of FLT's and the myriad OEMs from which customers can choose, including a number of smaller suppliers, there are no major barriers to switching supplier. As such, customers could easily switch to the Parties' competitors post-Merger, were the Merged Entity to raise its prices. Indeed, switching is already common and widespread. By way of example, several of Cargotec's European customers have recently switched to Hyster ([...]), Linde ([...]) or Svetruck ([...]). Similarly, several of Konecranes' customers have recently switched to Linde ([...]), Svetruck ([...]) or Doosan ([...]). Moreover, several customers maintain mixed fleets consisting of Konecranes', Cargotec's and Hyster's FLT's ([...]) or of Konecranes', Cargotec's and Linde's FLT's ([...]), or of Konecranes', Cargotec's and Svetruck's FLT's ([...]).

7.20 In addition to a number of existing competitors, the barriers to entry and expansion are low, as evidenced by successful entry and expansion in recent years, given that market access is straightforward due, amongst other things to the role of distributors, and the design of all types of FLT's is generally similar, therefore enabling the switching of production capacity (which relies predominantly on the assembly of standard parts). Examples of OEMs expanding from the production of lighter FLT's to heavier FLT's include Hyundai, Heli and Hangzhou - Hangcha Forklift.

7.21 Cargotec's internal documents highlight this trend - for example:

- [...] ¹⁰³

⁹⁹ The full list of Hyster distributors in the UK is as follows: Armill Lift Trucks, Beds and Bucks Forktrucks Ltd, Briggs Equipment UK, Gwynedd Forklifts, Hiremec, Hitec Lift Trucks and Mid Sussex Forklift Services.

¹⁰⁰ The full list of Hangcha distributors in the UK is as follows: HC Forklifts UK (Importer), Armill Lift Trucks, Atlas Forklift, City FLT's, Elite Material Handling, Forklift Services UK, Moorgate Forklifts, SLT Handling Services, WR Material Handling, and Yorkshire Handling.

¹⁰¹ The full list of all-brand distributors in the UK is as follows: Budget Fork Trucks, CAM Handling Solutions, Cooper Handling Ltd, Elf Forktrucks, Elite Material Handling, Farmer Forklifts, Forklift Services UK, FT Services, Glosrose Group, Gwent Mechanical Handling, Handling Truck Services, IVS Material Handling Solutions, Pegasus Material Handling, Premier Lift Trucks, Shad Group, South West Forklifts, WR Material Handling.

¹⁰² The full list of Doosan distributors in the UK is as follows: 4K Systems, A&S Forklift Services, Ability Handling, Balgownie Bennie Equipment, Blandford Forklifts Budget Forktrucks Ltd, C&D Fork Trucks, Commander Handling, Complete Material Handling, Dawson Group Materials Handling, Fork Truck Direct, Ful-Ton Forklifts, Glosrose Group, Gwent Mechanical Handling, Harrison Fork Trucks, ITS, KDM, KS Lift Trucks, Mexmast, Pendle Forklifts, R&S Plant Sales, R J Hall Forklifts, Uplift, West Mercia, Westex, and Windsor Materials Handling.

¹⁰³ FMN Annex 234 - [...].

- [redacted]¹⁰⁴
- [redacted]¹⁰⁵
- [redacted]^{106 107}

(ii) Negotiated purchasing of equipment drives competitive outcomes

7.22 Given the large number of viable competitors which will remain post-Merger (e.g. Hyster, Sany, Svetruck, Linde, CVS, Heli, Hangcha, etc.), the negotiated purchasing of equipment will continue to drive competitive outcomes as customers will be able to play viable sellers off against each other. This is particularly the case with FLT as the large number of FLT distributors in the UK provides a significant source of options for customers.

(iii) Conclusion

7.23 As is clear from the above, strong competitive constraints will remain post-Merger, including major OEM competitors in the form of Hyster, Sany, Linde and Svetruck. In addition, the Merged Entity will continue to be constrained by a long “tail” of smaller competitors post-Merger, and additional entry is likely, as well as the expansion of existing overseas suppliers such as Heli, XCMG, CVS and Taylor. Moreover, given the commoditisation of FLT and the wide array of distributors operating in the UK, such entry and expansion is relatively easy. Accordingly, there is no reasonable basis on which the Merger will result in a substantial lessening of competition in the supply of FLT >10t.

(d) ECH

7.24 The Issues Statement notes that the Parties would be “*the largest supplier*” of ECHs on a European and UK basis and that the Parties’ offerings are close alternatives for UK customers, with the other main suppliers being Hyster and Sany. The Parties submit that the Issues Statement fails to take into account the competitive dynamics of the ECH market.

(i) The Parties are not clearly the largest suppliers of ECH on a European and UK basis

7.25 Contrary to the Issues Statement, Hyster will arguably remain the market leader in Europe and the UK for ECHs post-Merger. For 2016-20, Cargotec’s European share for ECHs by units delivered was approx. [20 – 30]% and Konecranes’ was approx. [10 – 20]%, giving a combined share of approx. [30 – 40]%, compared to Hyster’s share of approx. [30 – 40]% by units delivered. In the UK, although Hyster’s share for 2016-20 was slightly lower by units delivered (approx. [40 – 50]%, compared to the Parties’ combined share of approx. [40 – 50]% (made up of [30 – 40]% Cargotec and [10 – 20]% Konecranes), Hyster has a larger UK share by revenue ([40 – 50]%, compared to the Parties’ combined share of [40 – 50]% by revenue (made up of [30 – 40]% Cargotec and [10 – 20]% Konecranes)).¹⁰⁸ These shares are too close to call; accordingly, the statement that “*the Merged Entity would be the largest supplier of ECH on a European and UK basis*” is misleading.

7.26 Moreover, Hyster is well-placed to expand its share in the coming years. Hyster is one of the largest suppliers of ECHs globally and in Europe. It offers a large portfolio of ECHs and is at

¹⁰⁴ FMN Annex 229 – [redacted].

¹⁰⁵ FMN Annex 231 – [redacted].

¹⁰⁶ See <https://www.tcm.eu/>.

¹⁰⁷ FMN Annex 212 – [redacted].

¹⁰⁸ All share figures are from Annex 8.1 to RFI 1.

the forefront of innovation. For instance, in 2017 Hyster was the first company to launch an ECH with a lifting capacity of up to 11 tonnes, allowing for double handling capabilities (i.e. the possibility to lift two empty containers at once).¹⁰⁹ [...]. This makes Hyster well-positioned to outbid the Parties for orders going forward.

- 7.27 In addition, the Parties' combined shares will likely be eroded in the coming years due to the impact of Chinese competition, led by Sany. Although Sany's 2016-2020 UK ECH share is relatively small ([5 – 10]% by units delivered, or [5 – 10]% by revenue), Sany has significantly increased its global shares of supply, increasing from approx. [5 – 10]% in 2016 to approx. [20 – 30]% in 2020. It is highly likely to obtain a significant amount of business in the coming years due to Felixstowe's apparent preference for Chinese MEQ suppliers: [...]. The Parties are aware that Sany benefits from cost advantages (see para. 3.9 *et seq.* above) such that [...].¹¹⁰ Furthermore, Felixstowe has significant influence in the market, and this will likely influence the decision of other suppliers, who will in turn favour low-cost Chinese suppliers such as Sany.
- 7.28 In addition, Sany is also at the forefront of innovation in this area. In 2020, it presented the world's first fully electric ECH (which is the key innovation area in the MEQ markets) for which it received industry awards.¹¹¹ Cargotec's internal documents also refer to Sany's R&D efforts as a competitive threat ([...]).¹¹²
- 7.29 Cargotec's internal documents provide supporting evidence of the dynamics described above. Documents state for example, [...] [...] and [...].” This expansion is likely to follow the same pattern as Sany's rapid expansion into the reach stackers market (see para. 7.11 above), whereby Sany will often engage with UK customers through its distributor, Cooper Handling, on whose tactics Cargotec's internal documents comment: [...],^{113 114}
- 7.30 As well as Hyster and Sany, numerous other emerging competitors in the ECH market will provide a competitive constraint post-Merger. These include Svetruck, CVS and Taylor, and ZPMC and XCMG of the Chinese competitors which all operate globally.

(ii) Negotiated purchasing of equipment drives competitive outcomes

- 7.31 Given that two particularly strong alternatives to the Parties will remain post-Merger (Hyster and Sany), and several other players are likely to become genuinely viable alternatives in the near future (e.g. ZPMC, XCMG, CVS, Svetruck and Taylor), there will remain a sufficient number of alternatives to the Merged Entity which customers will be able to leverage in negotiations. This is particularly the case in light of ZPMC and XCMG's innovations in the ECH space, which the Parties consider crucial to future competition in this area.

(iii) Conclusion

- 7.32 As is clear from the above, strong competitive constraints in the ECH market will remain post-Merger. Contrary to the suggestion in the Issues Statement, the Parties are not clearly the largest suppliers of ECH on a European and UK basis; rather, Hyster has at least the same share as the Parties' combined share. As well as Hyster, Sany already has a significant presence in the UK

¹⁰⁹ See “New Hyster 11T ECH Lifts Two Reefers With Ease”, available at: <https://www.hyster.com/emea/en/%E2%80%90gb/press/press/%E2%80%90releases/new-hyster-11t-empty-container-handler-lifts-two-reefers-with-ease/>.

¹¹⁰ See Annex 8.1 to RFI 1.

¹¹¹ See “Sany SCDE90K7 Electric ECH Nominated for Top Industry Award”, available at: <https://www.portstrategy.com/press-releases/2020/sany-scde90k7-electric-ech-nominated-for-top-industry-award>.

¹¹² FMN Annex 166 - [...]

¹¹³ Annex 231 - [...]

¹¹⁴ Annex 231 - [...]

and Europe, and the trend towards low-cost suppliers and Felixstowe's favouring of Chinese suppliers will likely see Sany increase its share significantly in the coming years. Established players like Svetruck, CVS and Taylor will also exert competitive pressure on the Merged Entity, and additional entry into the UK market by existing overseas players such as ZPMC and XCMG is likely. Accordingly, there is no reasonable basis on which the Merger will result in a substantial lessening of competition in the supply of ECH.

8. NO COMPETITION CONCERNS IN THE SUPPLY OF HORIZONTAL TRANSPORT EQUIPMENT

8.1 The Merger does not give rise to competition concerns in relation to straddle and shuttle carriers for the following reasons:

- Similar to the markets for cranes, the supply of straddle and shuttle carriers are global in scope and are characterised by intense competition, particularly from state-backed Chinese suppliers, as described in Part B. These competitors, as well as other established European suppliers, many of which are already well-established in the UK, will continue to exercise a considerable competitive constraint post-Merger.
- The Parties only overlap in the supply of manual straddle carriers in the UK and in Europe, which is dealt with in further detail below. Apart from this, the Parties' activities are generally complementary – in particular, the Parties do not overlap in supply of shuttle carriers in the UK. There may be a hypothetical overlap between the Parties in shuttle carriers at the Europe-level, but the Parties note that [...].
- Likewise, nor does the Merger give rise to concerns in the supply of A-TTs as there is currently no "market" for A-TTs but simply nascent products under development and at various stages of product testing. Numerous companies are involved in initiatives of this kind, many of whom are far more advanced in their plans than Cargotec. Konecranes is not active in this space at all. [...] and Terberg has in the meantime decided to pursue an alternative approach; [...]. As such Konecranes cannot be considered to be a significant competitive constraint in the development of A-TT products.

(a) Competitive dynamics in the supply of HTE

8.2 The procurement of HTE is virtually identical to that in cranes markets. Most notably, HTE is largely procured via competitive tenders which are typically open to all suppliers globally. Major projects occur infrequently, making competition for the few open projects available in the market particularly fierce. Smaller volumes (e.g. to replace older units) are sometimes also procured directly under framework agreements, which lay out the terms and conditions for future supplies, with the exception of prices, which are commonly negotiated on an ad hoc basis. Major customers typically have such agreements in place with multiple OEMs in parallel. These sales are similarly competitive and usually involve several rounds of price negotiations with different suppliers.

(i) Chinese (and other) suppliers are already established in the UK, and further entry is likely

8.3 As explained in greater detail in Section B above, Chinese suppliers (especially ZPMC and Sany) are already present in the UK and Europe to a very significant extent and are expected to expand their presence aggressively in the near future. These Chinese players pose a major

challenge to the Parties' business in many ways due to their unassailable competitive advantages described above.

8.4 While – to date – Chinese presence in the UK and Europe is particularly pronounced in Cranes (through ZPMC) and MEQ (through Sany), ZPMC has also recently entered the global market for straddle and shuttle carriers and has already won major projects globally and in Europe. The fact that ZPMC has not yet sold straddle/shuttle carriers in the UK by no means indicates that ZPMC is not an important current and future competitive force in the UK but symptomatic of low and lumpy levels of demand (due to the long lifecycle of the equipment). To the extent there are tenders for replacement equipment, the Parties expect that ZPMC would continue its current aggressive and expansive strategy. See further paras. 8.15 to 8.20 below.

8.5 The Parties also note that it is very plausible that other Chinese players will follow the example of ZPMC and enter the global straddle/shuttle carrier market in the future (e.g., Sany or XCMG). In this context, the European Commission in its 6(1)(c) decision identified a potential new entrant into the global straddle/shuttle carrier market (whose identity is not known to the Parties) which the CMA will no doubt wish to investigate further.

(b) A-TTs

8.6 [...]. It is further suggested that and in light of the Parties' respective positions in CHE, and their capabilities in automation, both of them would be well-placed to be material competitors in A-TT.

8.7 [...] Today, Konecranes only re-sells an insignificant number of TT as a distributor of Terberg in Russia, Kazakhstan and Belarus. Terberg is the clear leading supplier of TT in Europe, and [...] which is an important competitive development.

8.8 Nor is Konecranes [...].¹¹⁵ Konecranes understands that Terberg is currently partnering with other suppliers to develop A-TT e.g., ZF and Easysmile, both of which are at the forefront of automation.¹¹⁶ According to the [...].¹¹⁷

8.9 [...] In the meantime, Terberg plans to bring to market its own A-TT (AutoTUG) so is clearly contemplating an individual company entry to this nascent market.

8.10 There is currently no market for A-TTs; there are no products generally available and any such potential products are in the development testing / pilot phases. The future market for A-TT will likely be highly contested, not only by “traditional” TT suppliers, but also by major automotive and tech / automation companies. There are numerous companies that are developing A-TT, such as Westwell Lab, Terberg, Volvo, Einride and Sinotruk, many of which are significantly more advanced than Cargotec in that regard (and where Konecranes is, in effect, not active at all).

8.11 In light of the above, Konecranes cannot be seen as a potential entrant in this segment. As regards Cargotec, even if it were to succeed in the development and sale of an A-TT, this would require a unique skill set that differs significantly from Cargotec's experience in the sale of manual terminal tractors. Cargotec's success in terminal tractor sales therefore is unlikely to translate in significant competitive advantages in the development and sale of A-TTs, which are very different products, requiring different support and resourcing. [...] As noted, A-TT

¹¹⁵ See the Parties' response to the CMA's Request for Information dated 4 May 2021, Question 7.

¹¹⁶ See <https://newsmedia.terberggroup.com/en/special-vehicles/overview/press-releases/special-vehicles/an-autonomous-tractor-partnership/> and <https://www.terbergspecialvehicles.com/en/news/terberg-and-easysmile-work-together-on-autonomous-tractor/>.

¹¹⁷ *Supra* at footnote 115.

developers, start-ups and other potential entrants working to commercialise A-TTs are much better placed to be a competitive constraint. It is evident from the highly contested nature of the future A-TT market and the current development activities of other suppliers that Cargotec could not be considered a key competitor in A-TT.

- 8.12 As such, the Parties submit that any theory of harm around loss of potential competition in A-TT is highly speculative and unsustainable.

(c) Straddle carriers and shuttle carriers

- 8.13 The Issues Statement has identified potential unilateral effects concerns with respect to straddle and shuttle carriers on the basis that the Parties have “*a combined share of supply of nearly 100% on a UK-wide, Europe-wide and global basis*”, and “*the Parties’ offerings are close alternatives for UK customers, with ZPMC being the only other supplier with any recent record of bidding for UK customers (with ultimately no success).*”

- 8.14 For the reasons set out below, the Parties believe that the CMA’s preliminary concerns are unjustified.

(i) The tendering sales process drives competitive outcomes – the Parties’ position in straddle and shuttle carriers is more nuanced

- 8.15 As noted in Part B, HTE markets are bidding markets. The shares referenced in the Issues Statement therefore refer to the historical successes of the Parties and do not reflect the dynamic competition taking place as a result of the rapid entry of Chinese suppliers.

- 8.16 As an example, ZPMC has successfully entered the global straddle/shuttle carrier market and has already won major projects, including in Europe. To summarise, ZPMC has supplied:

- Straddle carriers:
 - 8 automated straddle carriers to HPH Norvik, Stockholm, Sweden in late 2018;
 - 4 manual straddle carriers to the Port of Tema, Ghana in 2019;
 - 22 manual straddle carriers to TPT, South Africa in May 2020, with the option for an additional 66 units (i.e., up to 88 units in total);
 - 5 hybrid straddle carriers to HPH Freeport, Bahamas in May 2021; [...]; and
 - test units, such as one straddle carrier for Aarhus port, Denmark.
- Shuttle carriers:
 - 1 manual shuttle carrier for Xiamen Songyu Container Terminal Co. Ltd., China in 2017;
 - 2 manual shuttle carrier for the Busan Port Authority, South Korea; and
 - 2 manual shuttle carriers for Barcelona Europe South Terminal, Spain in 2019.

- 8.17 As is clear from these recent wins, ZPMC is already supplying major European terminals, such as the HPH terminal in Sweden. Based on its successes in the UK in the context of the cranes market, ZPMC’s potential entry in the UK market clearly impacts the competitive dynamic between customers and suppliers and may well manifest in a swift contract award. ZPMC is

therefore an important constraint already today and could develop into a major supplier (including in the UK) in the near future.

- 8.18 Total demand for straddle carriers in the UK is very limited, with only 42 straddle carriers sold in the UK in 2018-2020. Tenders for these products occur relatively infrequently in general, but where tenders are issued and awarded, significant swings in market shares would result due to the small market size. That there have not been past successes is not determinative of future prospects, particularly given the more significant market presence of ZPMC and other China-affiliated entities worldwide.
- 8.19 Moreover, it is important to note that there is no material difference between the crane markets and the market for straddle/shuttle carriers when it comes to the way these products are assembled, tendered and delivered. ZPMC has rapidly expanded its cranes business in the UK and – within a matter of years – has become the clear market leader in all crane segments. Against this background, it is not plausible to assume that, now that ZPMC has targeted the straddle/shuttle carrier market, it will not achieve large-scale expansions in these product segments as well. UK customers have demonstrated their willingness to purchase heavy container handling equipment from ZPMC in large quantities and ZPMC will leverage these existing relations with major UK terminals to expand in straddle and shuttle carriers.
- 8.20 Furthermore, ZPMC has built up very large production capabilities for straddle and shuttle carriers, which it needs to complete all the projects it has recently won (especially e.g. the order of up to 88 units by TPT in South Africa). This capacity expansion has not only been confirmed by World Cargo News reports – according to which ZPMC has built up a capacity of 200 units per year¹¹⁸ – but also by ZPMC itself on its website where it states that “*it is expected that after the overall delivery of the South Africa project, the ZPMC’s delivery capacity will exceed 100 straddle carriers.*”¹¹⁹ Assuming an annual capacity of 150 units, ZPMC would – on its own – be able to cover almost [40 – 50]% of average annual straddle carrier demand globally,¹²⁰ which, would likely result in greater supply of straddle carriers abroad, given this type of HTE is not commonly used in Chinese ports. History has shown that, once ZPMC builds up capacity and targets a market, it pursues an aggressive low price strategy to fill its capacity (see, for example, ZPMC’s rapid global expansion in the supply of STSs and other cranes). It is obvious that ZPMC is now using that same blueprint for expansion in the neighbouring straddle/shuttle carrier market and it is not plausible that ZPMC will not succeed (keeping in mind that it already has significant reference projects globally, including in Europe).
- 8.21 Finally, with respect to the concern that “*the Parties’ offerings are close alternatives for UK customers*” the Parties reiterate that the supply of straddle/shuttle carriers is a project business where suppliers adapt to varying product specifications on a case-by-case basis. ZPMC is no different to the Parties in that regard and has already proven that it is able to meet European standards. The Parties’ straddle carriers are by no means closer to each other than to those of ZPMC. For example, all three suppliers offer the full range of diesel-driven, hybrid and fully electric straddle/shuttle carriers.

(ii) Competitive market structure will be maintained post-Merger

- 8.22 The global market for the supply of straddle/shuttle carriers is highly competitive and this competitive market structure will very likely be maintained post-Merger:

¹¹⁸ FMN Annex 160 – [...].

¹¹⁹ See <https://www.zpmc.com/news/cont.aspx?id=242>.

¹²⁰ And almost [40 – 50] % of combined straddle/shuttle carrier demand.

- As explained, ZPMC is a highly effective constraint already, has the capacity to expand significantly in the near future, and has significant relationships with GTOs and a track record of aggressive tender responses. The new capacity that ZPMC will bring to the market is more than sufficient to enable them to serve any customer that wants to switch away partially or fully from the Merged Entity post-Merger. It can therefore be assumed that ZPMC will price very aggressively to fill its capacity.
- The historical structure of the market for the supply of straddle carriers, which has been characterised by the presence of two major players who constrained each other in competitive bidding processes, led to very competitive results for customers, not least in terms of price.
- The evidence indicates that ZPMC will quickly grow and the likelihood is that this process will accelerate as a result of the Merger (because customers will actively seek alternative sources of supply post-Merger). The Parties maintain that ZPMC will be at least as strong a competitive constraint on the Merged Entity as the Parties have been on each other in the past, so that no additional new entry would be required to maintain a competitive market structure.

8.23 In any event, the Parties reiterate that the European Commission in its 6(1)(c) decision has identified a potential new entrant, who will further constrain the Merged Entity in the future, which is a line of inquiry that the CMA will no doubt wish to explore with the supplier concerned.

(iii) Conclusion

8.24 As demonstrated above, the characteristics of the straddle and shuttle carrier market is similar to that of the cranes market where potential entry of state-funded Chinese suppliers presents a real competitive constraint on the Parties. The Parties expect that ZPMC will significantly constrain any offer (whether made by the Parties or not) given the enormous cost advantages it enjoys. As a result, the Merger will not give rise to a substantial lessening of competition in the HTE market.

8.25 In the nascent market for A-TTs, numerous credible suppliers are already in various stages of developing prototype products and testing them, many of which are already ahead of Cargotec in their plans. [...] and Cargotec will continue to face stiff competition in the development of its own A-TT products.

D. THEORIES OF HARM: NO VERTICAL EFFECTS

9. NO INPUT FORECLOSURE OF CRANE SUPPLIERS

9.1 The CMA invites views in respect of the potential foreclosure effects on rival suppliers of RTGs, ASCs and MHCs as a result of the Merged Entity: (i) stopping the supply of crane spreaders to such rival suppliers; or (ii) e.g., degrading the quality or substantially increasing the price of crane spreaders.

9.2 In the following sections, the Parties set out reasons why the CMA's preliminary concerns are unfounded.

(a) Background on spreaders and the Parties' activities

9.3 Spreaders are used as part of container handling equipment to grip containers. All spreaders have the same basic structure¹²¹ and functionality and do not require any sophisticated technology – spreaders have been produced in a similar way for decades.

9.4 Spreaders are used in all types of port cranes (e.g. STS cranes, gantry cranes, MHCs, etc.), some MEQ (reach stackers and container handlers) and some horizontal transport equipment (straddle / shuttle carriers). Although there are different spreader models depending on the equipment type, spreaders are generally highly standardised because they all have the same function – i.e. to grip standard-sized containers.

9.5 Cargotec produces spreaders for its own container handling equipment (cranes and MEQ) and sells spreaders to third parties through its business unit Bromma. Bromma is a division of Kalmar Mobile Solutions (KAMOS) but managed independently from Cargotec's other Kalmar divisions from an operational point of view. Cargotec mainly sells crane spreaders – Cargotec did not supply any MEQ spreaders in 2017-2019 directly to the UK¹²² and only [...] to [...] in 2020. While Kalmar also produces spreaders for horizontal transport equipment (i.e., shuttle and straddle carriers), these are only used for Kalmar equipment and not offered to third parties and are not discussed further.

9.6 Konecranes does not sell spreaders to third parties. [...]

(b) Market definition

9.7 From a demand-side perspective, there is limited substitutability between spreaders for cranes and spreaders for MEQ, as they may have a different size or lifting capacity, or a slightly different shape. MEQ spreaders are “single-lift” whereas cranes often have a “twin-lift” mode (allowing the crane to grip two containers at once). Spreaders used in heavier equipment types such as quay and gantry cranes are generally very similar in terms of size, lifting capacity and shape. The same applies to spreaders for different MEQ types.

9.8 However, there is a high degree of supply-side substitutability between crane and mobile equipment spreaders. Suppliers of spreaders generally produce the entire range of spreaders of various sizes and shapes using the same basic manufacturing processes and equipment and in the same production facilities. As discussed above, spreaders are relatively simple from an

¹²¹ These are: (i) a steel structure (frame); (ii) a container / cargo locking mechanism (including four “twist locks” which attach to the four corners of a container); and (iii) a control unit which monitors and collects information, and sends it to the equipment in question (e.g. a crane or a reach stacker). The steel frame is usually extendable (spreadable), so that it can grip several different standard container sizes depending on the need. This function is typically based on a hydraulic or electric pump and steel glide plates. See FMN, para. 347 *et seq.*

¹²² [...] and therefore UK shares could not be meaningfully provided for MEQ spreaders.

engineering point of view and all spreaders have the same basic structure. Therefore, any supplier active in spreaders for a specific equipment type could easily, and with minimal additional cost and time, expand or switch its production to spreaders for other equipment types. Indeed, most suppliers are already active in a wide range of spreaders for various crane and mobile equipment types, including Stinis, Cargotec (Bromma), Elme and RAM. Certain manufacturers, such as Elme, have focused more on mobile equipment spreaders as this has allowed them to expand successfully in this area without having significant and geographically widespread after-sales services networks. In particular, mobile equipment spreaders are often repaired and maintained by the container handling equipment OEMs or the maintenance service providers and not by the spreader suppliers themselves (spreader suppliers however offer training to OEMs allowing them to offer maintenance of both the equipment and the spreader).

9.9 The geographic scope¹²³ of the market for spreaders is worldwide. Spreaders are standardised across the world; as discussed above, all spreaders are made to fit the standard globally-used container sizes and shapes. They are made to fit the equipment manufactured by all container handling OEMs or operated by terminal operators, regardless of their location. There are also no meaningful geographic, economic or legal barriers to the trade of spreaders globally – spreaders are typically manufactured in one or a few production sites and shipped globally to container handling OEMs or, to some extent, port / terminal operators. For example, Cargotec (Bromma) produces spreaders only in Ipoh, Malaysia and ships them internationally to its facilities for the production of container handling equipment (e.g. in China and Poland), as well as to the production facilities of other container handling OEMs, regardless of their location (or, indeed, directly to the end customer or third party selling spare parts). Similarly, Stinis, which sells spreaders globally, has its main production facilities in Johor, Malaysia, and the Netherlands. RAM also relies on one production facility in China for serving customers globally. Due to the centralised manufacturing, imports and exports of spreaders are frequent and significant. Cargotec estimates that the transportation costs of spreaders are typically less than [...] of the price of a spreader. Transportation costs are therefore low and not an obstacle to the global trade in spreaders.

(c) No ability to foreclose rival suppliers of RTGs, ASCs or MHCs

9.10 The Merged Entity will have no ability to foreclose downstream crane suppliers from accessing crane spreaders.

9.11 First, spreaders cannot be considered as an important input. As noted above, spreaders are highly standardised products which offer no product differentiation. Spreaders account for a very small portion of the crane price ([...]) and almost all container handling equipment OEMs multi-source spreaders for commercial reasons. If the Merged Entity were to adopt a hypothetical foreclosure strategy, customers may be expected to simply change spreader suppliers. In this respect, while Cargotec supplies Kuenz and Liebherr in respect of spreaders for yard cranes,¹²⁴ the Merged Entity would not have an ability to foreclose their access to spreaders post-Merger as:

- [...].
- [...].

¹²³ See FMN, para. 370 *et seq.*

¹²⁴ Bromma's data does not distinguish between spreaders for RTGs, RMGs, ARTGs and ASCs, but rather just refers collectively to "Yard Crane spreaders".

- 9.12 Second, significant competition exists in the upstream market for spreaders. There are several large standalone spreader suppliers (such as RAM, Stinis and Elme) and a number of smaller players (such as Mitsui-Paceco, VDL and Earls Industries) which all operate on a global basis. Together, these standalone spreader suppliers already supply a significant portion of the market (approx. [40 -50]% of crane spreaders worldwide and over [40 – 50]% in Europe) and have the ability to expand their share of supply significantly.
- 9.13 Third, the same production capacity can be used for producing both crane and MEQ spreaders. Cargotec manufactures all types of crane spreaders – as well as MEQ spreaders – at the same facility and can readily switch production emphasis between spreaders for different types of equipment. This is also confirmed by the European Commission’s market feedback.¹²⁵ Therefore, in the event that the Merged Entity were to engage in a hypothetical input foreclosure strategy in the (hypothetical) crane spreaders segment, Elme, Stinis, RAM and other suppliers could readily shift their capacities from one spreader type to the other, which would discipline the Merged Entity.
- 9.14 It follows from the above that the Merged Entity will not have the ability to foreclose rival suppliers of RTGs, ASCs or MHCs. For completeness only, to the extent that certain OEMs may have end-customers who value Bromma’s spreaders more than the crane, which the Parties do not believe this would be a significant group.¹²⁶ They would in any event retain the ability to directly source Bromma spreaders post-Merger.

(d) No incentive to foreclose rival suppliers of RTGs, ASCs or MHCs

- 9.15 Even if the Merged Entity had the ability to foreclose access to input (which it does not), it would have no incentive to do so.
- 9.16 First, as noted in the Parties’ Phase 1 Decision Response, Cargotec enjoys – and the Merged Entity will enjoy – higher margins in the upstream market for spreaders than in the downstream markets for cranes that would make any foreclosure strategy commercially unprofitable. Specifically:
- Bromma’s margins on cranes spreaders are approx. [...], whereas Cargotec’s average gross margin for cranes are: approx. [...] for RTGs, approx. [...] for A-RTGs and approx. [...] for ASCs.¹²⁷ [...].
 - As previously discussed in the Parties’ Submission on Vertical Theories of Harm of 6 July 2021, adopting such a strategy would not be profitable as the relative pricing of the Parties’ yard cranes implies that Bromma would have to sell, on average, one additional yard crane to compensate for [...] of sales lost for yard-crane spreaders, which would not be feasible given current market conditions.
- 9.17 In sum, a hypothetical input foreclosure strategy would be unprofitable and irrational strategy given there are a number of alternative suppliers ready to expand in the upstream market and considering that the Merged Entity cannot expect sufficient gains in the downstream market.

¹²⁵ See 6(1)(c) Response, para. 484.

¹²⁶ [...]. [...]. [...].

¹²⁷ See the Parties submissions on Vertical Theories of Harm of 6 July 2021.

(e) Conclusion

9.18 As the above demonstrates, there is no likelihood of a profitable foreclosure strategy and the Merged Entity would not have the ability or incentive to pursue a foreclosure strategy against rival cranes suppliers. In this respect, it is notable that:

- [...]. For example, [...].
- A number of strong competitors in the downstream cranes market, including ZPMC, Sany and Mitsui, are already vertically integrated, and so their competitiveness would not be undermined by a hypothetical input foreclosure strategy. The Merged Entity would continue to face robust competition in the downstream market from its key competitors.
- Customers otherwise would continue to have direct access to Bromma spreaders post-Merger should this be important to them.

10. NO CUSTOMER FORECLOSURE OF MEQ SUPPLIERS

10.1 The CMA also invites views in respect of the potential foreclosure effects on rival suppliers of MEQ spreaders as a result of Konecranes being an important customer of rival suppliers of MEQ spreaders. This hypothesis posits that, as Konecranes would be incentivised to purchase spreaders solely from Bromma, this may lead to a foreclosure effect on rival MEQ spreader suppliers.

10.2 The CMA's preliminary concerns are unfounded for the following reasons.

(a) No ability or incentive to foreclose rival suppliers of MEQ spreaders

10.3 Currently, Konecranes purchases [...] of its MEQ spreader requirements from Elme. However, Konecranes is not an essential customer of Elme – Konecranes estimates that for the period 2018-2020 it accounted for [...]% of Elme's business (comprising both MEQ spreaders and straddle and shuttle carrier spreaders). Therefore, even if the Merged Entity decides to redirect its MEQ spreader requirements from Elme to Bromma post-Merger, at least [...]% of Elme's existing supply would remain unaffected. Elme would still have unfettered access to sufficient economic alternatives in the downstream market to sell its output: there are a number of other large customers of spreaders which will continue to account for a significant part of the demand for them.

10.4 Indeed, Konecranes' proportion of Elme's purchases is too narrow a focus with which to assess this theory of harm. The proportion of all externally supplied MEQ spreaders purchased by Konecranes amounted to only [...]% in 2018-2020. Elme therefore has a significant market opportunity to compete for, even if it were to lose some or all of its supply to Konecranes.

10.5 Furthermore, even if Konecranes were hypothetically to switch away from purchasing Elme's spreaders, it is unlikely that Elme's efficiency would be affected to its detriment, or, indeed, that Elme would not react and adjust its operations so as to remain as efficient as before the proposed Merger. As described above, Elme could switch its production capacity from MEQ spreaders to crane spreaders without incurring significantly higher costs. As discussed above at para. 9.8, the same capacities are used for both kind of spreaders – were a supplier to switch, Cargotec understands that production capacity can be redistributed for supplying other spreaders typically around 6 months (though it may be higher depending on the complexity of the case).

(b) No foreclosure effects

- 10.6 As noted above, there is no reason why Elme's competitiveness would be harmed by any hypothetical foreclosure strategy, if implemented. Indeed, as explained in para. 9.18, there are already several rivals of the Merged Entity which are vertically integrated with their own spreader production, such as Sany, ZPMC, Mitsui, Heli, HDHM and XCMG, which all produce crane and mobile spreaders in-house and could easily shift more of their capacity towards producing MEQ spreaders in-house. The customer foreclosure strategy will therefore not have an effect on these rivals' ability to compete.

E. CONCLUSION

The Parties welcome the CMA's further investigation into the Specified Products. As the above illustrates, however, in order to evaluate the effects of the Merger, the CMA's assessment will need to consider the overall competitive dynamics of the container handling equipment markets in their relevant economic context – particularly the consolidation of sophisticated global purchasers (some of which are Chinese owned) and the inherent advantages of Chinese suppliers – as well as the conditions of competition relating to each Specified Product. The Parties are confident that once the CMA has done so, it will be able to conclude that the Merger will not give rise to a substantial lessening of competition on any relevant market.

APPENDIX 1 – COMPETITOR DETAILS

This Appendix 1 provides a high-level overview of the competitors present in each of cranes, HTE and MEQ, to the best of the Parties’ knowledge and based on public sources. It is not intended to be exhaustive; rather, the Parties intend it to provide a source of reference for the CMA when reading this Response to the Issues Statement.

Cranes Competitors

Competitor	Background	Country of origin	Cranes offering	UK cranes deliveries? ¹²⁸ (customers)	Other related ¹²⁹ operations
ZPMC	<p>ZPMC is a Shanghai Stock Exchange listed SOE. It is a world leader in the design, construction, installation and contracting of large port loading and unloading systems and equipment, offshore heavy equipment, engineering machinery, engineering vessels and large metal structural parts, and it also leases self-produced cranes.</p> <p>ZPMC is the largest port heavy-duty machinery equipment manufacturer in the world. Recently, ZPMC has actively expanded into smart industries, such as the port automation business which leverages 5G technology.¹³⁰ ZPMC was founded in 1992 and is headquartered in Shanghai, with multiple production bases in Shanghai and Nantong, China. It has over 37 companies in its corporate family globally and approx. 8,701 employees. ZPMC has a business presence in 103 countries and regions around the world and has 20 overseas offices.</p> <p>ZPMC is ultimately controlled by China Communications Construction Group Co., Ltd., which holds shares in ZPMC directly (~12.6%) and via its subsidiaries, CCCG (HK) Holding Limited (owning ~17.4% of ZPMC’s shares) and China Communications Construction Company Ltd (owning ~16.2% of ZPMC’s shares).¹³¹ In the 2019 financial year, ZPMC’s operating revenues were RMB 24.6 billion (approx. GBP 3.1 billion),¹³² increasing by 12.8% from 2018. Container handling equipment accounted for RMB 16.5 billion (approx. GBP 1.8 billion), representing ~67% of total operating revenues. ZPMC already derives nearly 14% of its operating revenues from European (including UK) based customers, generating 50% in Mainland China, 14% from the rest of Asia, and 9% from North America.</p> <p>ZPMC has aggressively expanded into the container handling equipment services sector globally through the establishment of local subsidiaries in the U.S., the Netherlands, Germany and in the UK.¹³³ ZPMC has, for</p>	China (SOE) ¹³⁷	RTGs, ARTGs, ASCs	Yes ([...])	Construction, engineering and other heavy machinery.

¹²⁸ All references to deliveries in this Appendix 1 are to deliveries in the time period 2017-2020.

¹²⁹ Excluding container handling equipment.

¹³⁰ As discussed above, ZPMC is also a pioneer in R&D and introducing innovative new technologies to market. For example, ZPMC’s “automation breakthrough” for ASCs, a global first, will be delivered to Beibu Gulf Port Qinzhou (China).

¹³¹ See ZPMC’s 2019 Annual report, page 37, available at: https://pdf.dcfw.com/pdf/H2_AN202003311377296268_1.pdf.

¹³² All UK figures have been converted from EUR to GBP based on the ECB average rate conversion for the applicable year.

¹³³ See <http://www.zpmc.eu/about-us/>; <https://zpmcusa.com/who-we-are>.

¹³⁷ All companies are POEs unless otherwise stated.

Competitor	Background	Country of origin	Cranes offering	UK cranes deliveries? ¹²⁸ (customers)	Other related ¹²⁹ operations
	<p>example, also secured maintenance contracts at COSCO’s container terminal of the port of Vado Ligure in Italy¹³⁴ and Abu Dhabi terminal in the UAE.¹³⁵</p> <p>ZPMC already today has global leadership in the supply of port cranes. It is now heavily investing in other container handling equipment, including horizontal transport and mobile equipment, partnering up with a diverse range of players to launch new products and deliver technologically advanced solutions.¹³⁶</p>				
Liebherr	<p>Liebherr is one of the world’s largest and most successful manufacturers of construction and earthmoving machinery, employing more than 41,000 people in 50 countries with total sales of \$10.3 billion USD in 2015. Liebherr is based in Bulle, Switzerland, and employed 4,446 employees in 2020. Liebherr’s Maritime Cranes product segment recorded sales revenues of €795 million for 2020.¹³⁸</p>	Switzerland	ASCs, RTGs, ARTGs	Yes ([...])	Construction and earthmoving equipment.
Sany	<p>Sany is a Shanghai Stock Exchange listed company and is part of the SANY Group¹³⁹ It is a leading manufacturer of construction and mining equipment, port machinery, oil drilling machinery and renewable energy systems. Its main products include concrete pumps, truck mounted concrete pumps, concrete batching plants, asphalt batching plants, crawler cranes, truck cranes, rotary drilling rigs, compactors, pavers and graders.¹⁴⁰ Sany’s port machinery division supplies <i>inter alia</i> terminal tractors, reach stackers, ECHs, portal slewing cranes, telehandlers, material handlers as well as ASCs, STS cranes, RTGs and RMGs.</p> <p>Sany was founded in 1994 and is headquartered in Changsha, Hunan Province, China. It has large plants in five Chinese cities, including Shanghai and Beijing, and has research and development centers and production bases in the U.S., Germany and India. In 2012, Sany acquired Putzmeister Holding, a German concrete pump maker, expanding its overseas operations. In addition, in 2020, Sany UK announced that it was establishing a regional dealer network across England and Wales.¹⁴¹ For mobile equipment in the UK, Sany operates via dealer Coopers Material Handling.</p>	China	ASCs, RTGs, ARTGs	Yes ([...]) ¹⁴³	Construction equipment.

¹³⁴ See “APM Terminals signs an agreement with ZPMC Italy for maintenance of the cranes of the new container terminal of Goes”, available at: <http://www.informare.it/news/gennews/2019/20190758-APM-Terminals-accordo-con-ZPMC-Italia-per-Vadouk.asp>

¹³⁵ See “ZPMC secures Cosco Shipping’s Abu Dhabi terminal maintenance contract”, available at: <https://www.seatrade-maritime.com/ports-logistics/zpmc-secures-cosco-shippings-abu-dhabi-terminal-maintenance-contract>.

¹³⁶ See “ABB joins ZPMC in developing overseas port service business”, available at: <https://new.abb.com/news/detail/45497/abb-joins-zpmc-in-developing-overseas-port-service-business>.

¹³⁸ See https://www.liebherr.com/shared/media/annual-report/annual-report-2020/pdf/liebherr_annual-report_2020_en.pdf.

¹³⁹ See <https://www.sanyglobal.com/> and <https://asia.nikkei.com/Companies/Sany-Heavy-Industry-Co.-Ltd>.

¹⁴⁰ See https://product.sanyglobal.com/port_machinery/reach_stackler/.

¹⁴¹ See, e.g., “SANY Announce Fitzgerald Plant Services as New Dealer for South Wales”, available at: <https://www.sanyuk.com/news/sany-announce-fitzgerald-plant-services-as-new-dealer-for-south-wales/>, and “SANY Announce C&O Tractors as New Dealer for English South Coast”, available at: <https://www.sanyuk.com/news/sany-announce-co-tractors-as-new-dealer-for-english-south-coast/>.

¹⁴³ The Parties note that Cooper Handling markets Sany RTGs (as well as STS and RMGs) on its website. However, the Parties are not aware of any sales of Sany RTGs in the UK to date.

Competitor	Background	Country of origin	Cranes offering	UK cranes deliveries? ¹²⁸ (customers)	Other related ¹²⁹ operations
	Sany has over 7,500 service engineers, 169 sales centres and over 2,000 service stations globally. In the 2019 financial year, Sany's revenue was RMB 75.7 billion (approx. GBP 8.5 billion), increasing by 36% from 2018. Concrete machinery, excavator and crane machinery accounted for roughly 30.6%, 36.5% and 18.5% of its revenues respectively. ¹⁴²				
Qingdao Haixi Heavy-duty Machinery Co., Ltd. (HHMC/ CSSC)	<p>HHMC is a subsidiary of China State Shipbuilding Corporation (CSSC), a Chinese SOE touted as the largest shipbuilding conglomerate in the world.¹⁴⁴ CSSC, particularly through its HHMC subsidiary, specializes in <i>inter alia</i> the R&D and manufacture of port handling machinery, ship hoisting equipment and functional offshore platforms, and also provides professional solutions for port machinery and logistics systems. CSSC manufactures and supplies <i>inter alia</i> a variety of port cranes, crawler cranes and platform trailers.</p> <p>CSSC has successfully manufactured more than 500 sets of different container handling machinery, which have been delivered to more than 30 terminals around the world. CSSC is also a world leader in shipbuilding, covering both military and commercial applications. In 2019, CSSC merged with China Shipbuilding Industry Company to become the world's largest shipbuilder. CSSC offers a range of products, including conventional oil tankers, bulk carriers, LNG carriers, VLCCs, chemical carriers, passenger freight ships, large container ships, large LPG carriers, large self-unloading ships, high speed ships and various civil ships and offshore engineering facilities. CSSC has exported its ships to more than 50 countries and regions around the world.</p> <p>CSSC has 147 scientific research institutions, enterprises and listed companies, with total assets valued at RMB 790 billion (approx. GBP 88.7 billion) and 310,000 employees. In 2018, CSSC reported revenues of RMB 114.4 billion (approx. GBP 12.8 billion), while CSIC reported revenues of RMB 305 billion (approx. GBP 34.2 billion).</p>	China (SOE)	ASCs, RTGs, ARTGs	Not yet	Shipbuilding.
Wuxi Huadong Heavy Machinery Co., Ltd (HDHM)	<p>HDHM¹⁴⁵ is a Shenzhen Stock Exchange listed company, founded in 2004 and headquartered in Wuxi, China. HDHM is a manufacturer of STS cranes, RMGs, RTGs, general gantry cranes, portal cranes and other types of cranes. In the early 1990s, HDHM developed the first multi-functional RMG in China.</p> <p>HDHM's equipment has been used in more than 100 ports around the world. Within China, HDHM's cranes have been used in seaports in Shanghai, Guangzhou, Dalian, Zhuhai, Zhanjiang, Jinzhou, Rizhao, Shanghai, Ningbo, Xiamen, Guangzhou and Guangxi, as well as, inland ports in Yibin, Luzhou, Chongqing, Wuhan, Wuhu and Nanjing. Its cranes have also been exported to South Korea, Indonesia, Thailand, Bangladesh, Kazakhstan and other countries. For example, HDHM delivered gantry cranes to Busan Newport in South Korea in 2016 and PSA International Terminal in Panama in 2018. In 2019, it won a tender to deliver 28 automated gantry cranes to</p>	China	ASCs, RTGs, ARTGs	Not yet	N/A – focused on port cranes.

¹⁴² See "Sany 2019 net profit +83% YoY in line; Expect a strong 2Q20", available at: http://pdf.dfcfw.com/pdf/H3_AP202004241378556988_1.pdf.

¹⁴⁴ See <http://en.qdhhmc.com/index.asp>.

¹⁴⁵ See <http://port.hdhm.com/en/about-intro.asp>.

Competitor	Background	Country of origin	Cranes offering	UK cranes deliveries? ¹²⁸ (customers)	Other related ¹²⁹ operations
	Tuas Port in Singapore. ¹⁴⁶ HDHM has established partnerships with Hutchison Whampoa Limited (HPH's parent company) and PSA International. HDHM's Hudai Base has an annual production capacity of 24 sets of ship-to-shore cranes and 105 sets of gantry cranes. ¹⁴⁷				
Mitsui Engineering & Shipbuilding Co., Ltd. (<i>Mitsui</i>)	<p>Mitsui is a major global shipbuilding and engineering company, listed on the Nikkei 225 stock exchange. Founded in 1917, Mitsui is one of the largest subsidiaries of Mitsui & Co., Ltd., one of the world's largest and most highly diversified conglomerates. In 2020, Mitsui employed 13,408 people worldwide and had net income of ¥86.2 billion (approx. £570 million), 25.5% of which was due to its machinery division.¹⁴⁸</p> <p>Mitsui competes for the supply of RTGs on a global basis. For instance, Yilport recently ordered 18 RTGs from Mitsui for its Puerto Bolivar terminal in Ecuador, which are set for delivery in January 2021.¹⁴⁹ Similarly, Yilport has recently also ordered six RTGs from Mitsui for its terminals in Gemlik (Turkey).¹⁵⁰ Mitsui also recently announced the release of its new near zero emission RTG, as well as the commencement of a zero emission RTG development programme.¹⁵¹ In addition, Mitsui has announced that it aims to expand in Europe to take advantage of its recent achievements in this region.^{152,153}</p> <p>NB: Historically Mitsui and Paceco Espana were both licencees of Paceco Corporation, with Mitsui focusing on Asia Pacific and the U.S., and Paceco Espana focusing on Europe. Following Paceco Espana's insolvency, and now that its operations have been taken over by Momentum Advanced Port Services, the Parties expect that Mitsui will take over Paceco Espana's RTG sales in Europe.</p>	Japan	ASCs, RTGs, ARTGs	Not yet	Shipbuilding, engineering (e.g. power plants), ocean development (e.g. floating production offshore storage and offloading systems).
Kuenz	Founded in Hard, Austria in 1932, Kuenz has 500 employees and has facilities in five different locations (two in Austria and one each in Slovakia, the USA and Italy). Kuenz is particularly driven by innovation; for example, in 2018, Kuenz launched an innovative RTG, styled the "Freerider" RTG, which features a unique, aerodynamic single girder and a new hoist system. Kuenz announced that its primary objective was to design an RTG crane for more efficiency and faster container handling, with a high level of motion flexibility for more convenience	Austria	ASCs, RTGs, ARTGs	Not yet	Mining technology, rail handling, hydro,

¹⁴⁶ See "Cranes ordered for Tuas Mega Port", available at: <https://wcnstaging.affino.com/news/news/cranes-ordered-for-tuas-mega-port-62186> and "Huadong Heavy Wins Bid to Supply Cranes to Singapore's New Automated Mega Port", available at: <https://www.yicai.com/news/china-huadong-to-supply-singapore-autopilot-port-with-cranes-worth-usd764-million>.

¹⁴⁷ See <http://port.hdhm.com/en/about-base.asp>.

¹⁴⁸ Mitsui E&S Integrated Report 2020, available at: https://www.mes.co.jp/english/investor/2020_en.pdf.

¹⁴⁹ See "Yilport continues expansion of Puerto Bolivar terminal, Ecuador", available at: <https://www.seatrade-maritime.com/americas/yilport-continues-expansion-puerto-bolivar-terminal-ecuador>.

¹⁵⁰ See "Big order from Yilport - Thirteen (13) Container Handling Cranes for Turkey and Sweden", available at: https://www.mes.co.jp/english/press/2019/1121_001341.html.

¹⁵¹ See "Paceco and Mitsui launch near zero emission RTG", available at: <https://container-mag.com/2021/03/03/paceco-and-mitsui-launch-near-zero-emission-rtg/>.

¹⁵² *Ibid.*

¹⁵³ An overview of Mitsui's RTG offering is available at: <https://www.mes.co.jp/english/business/logistic/crane/detail777.html>.

Competitor	Background	Country of origin	Cranes offering	UK cranes deliveries? ¹²⁸ (customers)	Other related ¹²⁹ operations
	and increased safety for the operator. ¹⁵⁴ Kuenz has since won orders for its “Freerider” ARTG in the Netherlands, USA and Hungary. ¹⁵⁵				engineered solutions. ¹⁵⁶
Doosan	Doosan, founded 1896 and based in Seoul, South Korea, had annual revenues of USD14.56 billion (KRW 17 billion) in 2020. Doosan has manufacturing plants in Korea, China, Germany, USA , UK, Vietnam, Indonesia, Oman, Saudi Arabia, Philippines, Czech Republic, Norway, India and France. ¹⁵⁷ According to Chairman and CEO of Doosan Group Jeongwon Park, Doosan currently has about 40,000 employees in 38 countries.	South Korea	RTGs	Not yet	Construction equipment. ¹⁵⁸
Balkran	Founded shortly after the end of the Second World War, Balkran has been providing cranes and other lifting equipment for use in Russia and Europe since. In particular, it has a reputation for producing equipment of sufficiently high quality to withstand extremely low temperatures. Nonetheless, Balkran now sells equipment to customers in a wide range of countries/regions, including Russia, Germany, USA, Scandinavia, France, Lithuania, China and India. ¹⁵⁹	Russia	RTGs	Not yet	Lifting and handling equipment for the nuclear and metals industries; steel casting.

¹⁵⁴ See “Kuenz Reveals Freerider RTG – Wheeled Automation”, available at: https://www.porttechnology.org/news/toceurope_kuenz_reveals_aerodynamic_freerider_rtg/.

¹⁵⁵ See “Crane automation for EWG”, available at: <https://www.worldcargonews.com/news/news/crane-automation-for-ewg-65687>.

¹⁵⁶ See <https://www.kuenz.com/industries/overview-industries/>.

¹⁵⁷ See Doosan’s 2020 Annual Report, available at <https://www.doosan.com/en/ir/report/?menu=audit>.

¹⁵⁸ See <https://eu.doosanequipment.com/en/>.

¹⁵⁹ See <http://www.balkran.ru/en/work.html> and <http://www.balkran.ru/en/craneshistory.html>.

HTE Competitors

Competitor	Background	Country of origin	HTE offering	UK HTE deliveries (customers)	Other related operations
Liebherr	See above.	Switzerland	Straddle carriers	Not yet	Construction and earthmoving equipment.
ZPMC	See above.	China (SOE)	Straddle carriers, shuttle carriers	Not yet	Construction, engineering and other heavy machinery.
Mobicon Systems (<i>Mobicon</i>)	Mobicon is an Australian supplier of so-called “mini-straddle carriers” headquartered in Brisbane, Australia. The company states that it has been selling its solutions to customers in Australia, New Zealand, South Africa, Asia, Europe, the US and the UK. For example, Mobicon has sold four units to Northport in Malaysia in 2018. ¹⁶⁰ The Parties have no detailed knowledge about the activities of Mobicon. However, the Parties consider Mobicon a competitor with respect to the supply of straddle and shuttle carriers.	Australia	Straddle carriers	Not yet	N/A – Mobicon is focused on straddle carriers.
TCM / Logisnext (Mitsubishi)	TCM/Logisnext is a Japanese company that is part of the Mitsubishi group and specialised in logistics and material handling solutions. The company acquired TCM in 2017. TCM/Logisnext has approx. 12,000 employees and facilities in the US, the Netherlands, Finland, Sweden, Spain, China, Thailand and Singapore. TCM/Logisnext has been supplying manual straddle carriers (diesel-electric), predominantly to customers in Japan (but also to other countries, e.g. Port Klang in Malaysia in 2006). The Parties are not aware of any straddle carrier business recently won by TCM/Logisnext. Nonetheless, it could very likely ramp up production in response to increased demand post-Merger.	Japan	Straddle carriers	Not yet	Mitsubishi Group produces, <i>inter alia</i> , a broad range of heavy machinery, ships, defence equipment, motor vehicles, large infrastructure projects and raw metals.
Suzhou Dafang Special Vehicle Co., Ltd. (<i>Suzhou Dafang</i>)	Suzhou Dafang is a subsidiary of Baosteel Engineering & Technology Group Co., Ltd (which itself is a subsidiary of Baowu, a state-owned iron and steel company). The company is mainly active in the field of special purpose vehicles and equipment. According to publicly available information, Suzhou Dafang also supplies RTGs, straddle and shuttle carriers, and AGVs. The Parties are not aware of any straddle and/or shuttle carrier supplies by Suzhou Dafang (but it may have sold units to customers in China). Like other Chinese container handling equipment suppliers, Suzhou Dafang will have growing opportunities to broaden its supply following the global investment strategy of Chinese State-owned port operators.	China (SOE)	Straddle carriers, shuttle carriers	Not yet	Suzhou Dafang produces construction machinery; Baosteel produces raw metals and processes/refines steel and coal.

¹⁶⁰

See “Mobicon delivers straddle carriers”, available at: <https://exportandtrade.co.nz/news/mobicon-delivers-straddle-carriers-malaysia>.

Competitor	Background	Country of origin	HTE offering	UK HTE deliveries (customers)	Other related operations
Combilift	Ireland-based shuttle carrier supplier Combilift may also be active in the supply of straddle carriers. In any event, any supplier of shuttle carriers can take up supplies of straddle carriers very easily (and vice versa).	Ireland	Straddle carriers, shuttle carriers	Not yet	Wide range of lift trucks.
<i>Companies developing A-TTs¹⁶¹</i>					
Westwell Lab	Chinese tech company Westwell Lab (automation partner of ZPMC for straddle and shuttle carriers) is the frontrunner in full TT automation globally. The company has developed the so-called Q-Truck (or Qomolo-Truck), a wirelessly charging, fully A-TT, using cutting edge technology (artificial intelligence, Lidar, internal 3D maps, etc.). These vehicles fall under automation level 4 of the SAE International (<i>SAE</i>) standards, ¹⁶² which means that it is capable of fully autonomous driving, but not necessarily under all conditions. ¹⁶³ Both technologically and commercially, the Parties consider the Q-Truck to be the most advanced A-TT product available. Westwell Lab supplied its first six Q-Trucks to HPH for a pilot project at Laem Chabang Port in Thailand in April 2020. To the best of the Parties' knowledge, the pilot phase is scheduled to last 12 months and Westwell Lab may already be capable of mass production. In addition, following a two-month trial period, a total of six electric Q-Trucks will be commissioned by CSP (Cosco shipping ports) Abu Dhabi Terminal, Khalifa Port and tasked with supporting mother vessel loading and unloading activities within the facility's container yard. ¹⁶⁴	China (POE)	N/A – there is currently no market for A-TTs.		AI chips and other automation solutions. ¹⁶⁵
Terberg	Terberg, a division of the multinational Royal Terberg Group, is one of the world's leading suppliers of terminal tractors and other special vehicles used in ports, airports and/or industrial environments. The company is located in Benschop, Netherlands, and is active globally. Terberg has a global workforce of approx. 2,700 employees and generated revenues of approx. EUR 1 billion in 2019.	The Netherlands	N/A – there is currently no market for A-TTs.		Other specialised tractors / trucks, including aircraft loaders, industrial

¹⁶¹ In addition to the companies detailed in this section, the Parties are aware of several large US technology companies (Waymo (Google), Microsoft and Amazon) and two large German truck manufacturers (Daimler and MAN) which are also developing automation solutions for trucks more generally, although this is not specifically in relation to A-TTs.

¹⁶² SAE International (formerly known as the Society of Automotive Engineers) is a US-based, globally active professional association and standards developing organisation for engineering professionals in various industries, principally focused on global transport industries (e.g. automotive, aerospace, commercial vehicles, shipping, etc.). Its standards on automation levels (SAE SAE J3016) are widely considered the most authoritative such standard in the world. For further information on different automation levels according to standard SAE J3016, see <https://www.sae.org/news/2019/01/sae-updates-j3016-automated-driving-graphic>.

¹⁶³ *Ibid.*

¹⁶⁴ See "Region's first autonomous port truck system to be implemented", *Gulf Today*, 6 July 2021, available at: <https://www.gulftoday.ae/business/2021/07/06/regions-first-autonomous-port-truck-system-to-be-implemented>.

¹⁶⁵ See http://www.westwell-lab.com/skill_en.html.

Competitor	Background	Country of origin	HTE offering	UK HTE deliveries (customers)	Other related operations
	Terberg is the second largest terminal tractor supplier worldwide, and is the leading supplier in Europe, but has business activities all over the world. The company has developed the so-called AutoTUG, an autonomously driving TT. This product falls under SAE level 3, which means that there still needs to be a human driver to be able to take over if necessary. Terberg has recently partnered up with the Silicon Valley tech start-up Phantom Auto to implement remote operability in the AutoTUG, with the aim of eliminating the necessity of an on-board driver (but human intervention would still be necessary). Terberg's AutoTUG is expected to be market-ready in the near future. ¹⁶⁶				tractors, rail tractors, etc. ¹⁶⁷
Volvo Trucks	Volvo has developed the A-TT "Vera", which falls under the SAE level 3 category (similar to Terberg's solution). Vera has already been deployed at APMT's port facility in Gothenburg, Sweden but, to the best of the Parties' knowledge, the product is not yet fully operational. The full and final roll out of this product is expected to happen within a matter of only a few years. Volvo is cooperating with Silicon Valley-based tech company Nvidia to develop artificial intelligence for autonomous trucks.	Sweden	N/A – there is currently no market for A-TTs.		Wide range of trucks.
Einride	The Swedish transport company Einride has developed a remotely controlled autonomous truck (SAE level 3) called T-Pod. The T-Pod is already operational in a trial in Sweden, where it is doing freight deliveries between a warehouse and a terminal (with a maximum speed of 5 km/h). It is understood that Einride has orders for this product from DB Schenker, Lidl and others and will start delivering T-Pods soon.	Sweden	N/A – there is currently no market for A-TTs.		N/A – focused on autonomous vehicles.
China National Heavy Duty Truck Group (<i>Sinotruk</i>)	Major Chinese TT supplier Sinotruk has been developing A-TTs together with Chinese company Tianjin Truck Tech and Tianjin Port (Group) Co Ltd. 25 of these A-TTs are already in operation at Tianjin Port, China, where they have successfully completed up to 30,000 hours of pilot operations handling significant volumes of shipping containers.	China (SOE)	N/A – there is currently no market for A-TTs.		Wide range of trucks.
Sany	See above. In June 2019, Chinese supplier Sany announced a cooperation with the British start-up Aidrivers for the development of an autonomous TT. Sany is already very advanced in the broader field of autonomous driving trucks. For example, there were successful trials of Sany's electric unmanned mining trucks in China in June 2020.	China	N/A – there is currently no market for A-TTs.		Construction equipment.
ZPMC/Shaanxi	See above regarding ZPMC. Shaanxi is a large Chinese bus and truck manufacturer active in the supply of terminal tractors to customers inside and outside of China. Shaanxi has a global workforce of approx. 28,000 employees. The company supplies its vehicles (including terminal tractors) under the brand SHACMAN. In 2018, Shaanxi has partnered up with ZPMC in the field	China (POE in collaboration with SOE)	N/A – there is currently no market for A-TTs.		Other trucks, buses (Shaanxi).

¹⁶⁶ Terberg has already signed a Memorandum of Understanding with the Port of Tanjung Pelepas in Malaysia for the future supply of A-TTs.

¹⁶⁷ See <https://www.terbergspecialvehicles.com/en/vehicles/>.

Competitor	Background	Country of origin	HTE offering	UK HTE deliveries (customers)	Other related operations
	<p>of terminal tractors.¹⁶⁸ While details of this cooperation have not been made public yet, the Parties believe that ZPMC is distributing Shaanxi terminal tractors, leveraging its well-established ties with port operators all over the world.</p> <p>As part of its cooperation with Shaanxi/SHACMAN, ZPMC is involved in the development of “driverless container trucks” for container terminals (i.e. A-TTs).¹⁶⁹ This product is being developed together with US/Chinese autonomous driving specialist TuSimple. In April 2018, there were five units in trial operations in China.</p> <p>Cargotec has been informed by HPH that Shaanxi/SHACMAN has recently been awarded an order for 48 electric TTs for HPH’s Felixstowe port in the UK.</p>				

¹⁶⁸ For further information on this cooperation, please refer to: <https://www.zPMC.com/news/cont.aspx?id=75>.

¹⁶⁹ While there is no detailed information available, Cargotec believes that the vehicles are coming from Shaanxi and that ZPMC is supporting with regard to automation technology. Moreover, these A-TTs will very likely benefit from distribution via ZPMC’s existing global sales channels.

MEQ Competitors

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
<i>OEMs</i>					
Sany	See above.	China	RSs, FLTs, ECHs	Yes, through its distributor, Cooper Handling ([...]).	Construction equipment.
Anhui Heli Co., Ltd. (<i>Heli</i>)	<p>Heli¹⁷¹ is the main subsidiary of Anhui Forklift Group Company. It is active in R&D, manufacturing and export of industrial vehicles and is the first listed company in China’s FLT industry. The “HELIF”-branded FLTs have more than 1,700 models and 512 categories of products, all of which have independent intellectual property rights. Since 1991, Heli has enjoyed the leading position in the domestic industry in China. In 2006, it became one of the world’s top ten industrial vehicle companies, and in 2011 it ranked eighth and, and seventh in 2016.</p> <p>Heli has established a network of overseas agents in more than 80 countries and regions outside China, and its products are sold to more than 150 countries and regions in the world. Europe and the United States accounted for 60% of the company’s total export volume. It has established “Heli Europe Center” in France and “Heli Southeast Asia Center” in Thailand. In 2019, Heli manufactured and sold more than 150,000 complete sets of machinery with operating income exceeding RMB 10 billion (of which RMB 1.6 billion was generated outside China). In the UK, Grant Handling is the exclusive distributor of Heli MEQ. Grant Handling has an extensive network in the UK, including nationwide service technician coverage and 24/7 breakdown cover.¹⁷²</p> <p>Heli is the largest player in the global market for heavy duty FLTs over the past three years (in terms of its share) along with Hangzhou – Hangcha Forklift. Its extensive offering includes a number of different models of heavy-duty FLTs ranging from 10t to 46t lifting capacities.¹⁷³</p>	China	RSs, FLTs, ECHs	Yes, through its distributor, Grant Handling (N/A). ¹⁷⁴	N/A – focused on FLTs of various types, as well as AGVs.
Hyster-Yale Material Handling, Inc. (<i>Hyster</i>)	Headquartered in Cleveland, Ohio, USA, Hyster (full name Hyster-Yale) has manufacturing plants in the US, the Netherlands, Australia, Brazil, Canada, Northern Ireland and South Africa, and a specialist engineering department in Irvine, Scotland. Hyster’s consolidated revenue in 2020 was US\$2.8bn, and it had an estimated installed population base of over 941,000 lift trucks in operation in more than 770	USA	RSs, FLTs, ECHs	Yes, through its distributor, Briggs Equipment UK ([...]).	N/A – focused on lift trucks (i.e. MEQ).

¹⁷⁰ This represents a non-exhaustive list of the competitors’ customers about whom the Parties are aware.

¹⁷¹ See <http://www.helichina.com/about/guan-yu-he-li.htm>.

¹⁷² See <https://www.granthandling.com>.

¹⁷³ More information is available at: <https://helieurope.eu/en/products-range/forklift-trucks/ic-forklift-trucks/> and <https://diamondforklifts.co.uk/product/diesel-12-16-ton-forklifts/>.

¹⁷⁴ N/A in this context simply means that the Parties are not aware of any of the competitor’s customers, as they do not appear in their CRM data. This is not to suggest that the competitors in question did not achieve sales in the UK during 2017-2020; rather, the Parties’ CRM data does not record the Parties having competed against them directly.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
	industries with 7,600 full-time employees worldwide at the end of 2020. ¹⁷⁵ Based in the US, Hyster has a global network of over 100 dealers. In addition to a strong network in the US, Hyster has dealers in nearly all European countries, including the UK as well as the EEA, Switzerland and Turkey. Hyster is constantly enlarging its European network – for example, in 2018, it expanded its dealer network in Germany, Austria and Switzerland to include a total of 17 dealers. ¹⁷⁶				
Svetruck	Svetruck is a Swedish manufacturer of FLT, container handlers and wood handling equipment founded 1977 and based in Ljungby, Sweden. The company had approx. 250 employees in 2020 with subsidiaries in Germany, Belgium and the USA. Svetruck supplies both FLT and ECH on a global basis. Svetruck has a worldwide network of dealers and agents with local presence on all continents. Svetruck's dealer network is strong in Europe, with presences in the UK as well as in 20 EEA Member States, Switzerland, Serbia and Ukraine. ¹⁷⁷ Svetruck also has a distribution network in Western and Northern Africa as well as both a subsidiary and distributors in the US. In the UK, Svetruck distributes its products through Cooper Handling, an experienced distributor of MEQ that also distributes Sany's products. ¹⁷⁸	Sweden	FLT, ECH	Yes, through its distributor, Cooper Handling ([...]).	N/A – focused on lift trucks (including for other materials, e.g. log stackers). ¹⁷⁹
Liebherr	See above.	Switzerland	RS	Yes, directly ([...]).	Construction and earthmoving equipment.
Toyota Material Handling (<i>Toyota</i>)	Toyota is a Japanese industrial manufacturer offering a wide variety of products, ranging from passenger cars to engines and textile machinery. In 2019, Toyota generated revenues of approx. EUR 244 billion and had more than 370,000 employees. Toyota is a major global supplier of FLT that also supplies AGV globally. Moreover, Toyota has entered the global market for terminal tractors and MEQ, by way of its recent acquisition of US company Hoist Lifttruck.	Japan	RS, FLT	Yes, through a network of nine distributors ¹⁸⁰ (N/A).	Automobiles, other trucks, aerial work platforms.

¹⁷⁵ See https://s21.q4cdn.com/775754248/files/doc_financials/2020/ar/HY-2020-Narrative.pdf.

¹⁷⁶ See “360 degree service”, available at: <https://www.hyster.com/emca/en%2%80%90gb/press/press%2%80%90releases/360-degree-service-hyster-dealer-network-provides-optimum-support/>.

¹⁷⁷ See “Svetruck Dealer Network”, available at: <https://www.svetruck.se/en/about/>.

¹⁷⁸ See <https://www.cooperhandling.com/ports-terminals-and-heavy-lifting/svetruck/>.

¹⁷⁹ See <https://www.svetruck.se/en/>.

¹⁸⁰ The full list of Toyota distributors in the UK is as follows: Carryduff Forklifts Ltd, Groundwater Lift Trucks, GM Leitch, Truckmasters, FTM Materials Handling Limited, MSM/DRH Limited, Rabey Commercial Vehicles, Locators, and Lloyd Ltd. See <https://toyota-forklifts.co.uk/about-toyota/our-dealer-network/>.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
Doosan	See above. Doosan is a typical example of a competitor investing in its distribution network in order to expand its UK FLT presence in the near future. Doosan acquired Rushlift in 2015, which previously distributed Svetruck equipment. Doosan further developed a nationwide network of 27 distributors present in 38 locations. Thanks to this network, Doosan has already won some sales with former Cargotec customers, such as Stanton Bonna, Arcelor Mittal and UPM. Doosan offers heavy FLTs with a lifting capacity of 18-25t. ¹⁸¹	South Korea	FLTs	Yes, through a network of 27 distributors in 38 locations ¹⁸² ([...]).	Construction equipment. ¹⁸³
CVS Ferrari (CVS)	CVS offers a wide range of heavy capacity lift trucks and reach stackers for container handling and industrial applications. Its headquarters are in Prato, near Florence, Italy. CVS builds 100% of its products in two modern factories located in Italy and CVS had together with BP Handling Technologies an annual turnover of approx. US\$53m in 2016. CVS has subsidiaries in Germany, Russia and Brazil and has a wide network of distributors in Europe (in ten of the EEA Member States as well as in Ukraine), North America, South America, Africa, the Middle East and Central Asia. ¹⁸⁴ CVS offers a wide range of heavy FLTs with capacities of 18t, 20t, 25t, 28t, 32t, 33t, 37t, 42t, 45t and 48t. ¹⁸⁵	Italy	RSs, FLTs, ECHs	Not yet.	N/A – focused on MEQ.
ZPMC	See above.	China (SOE)	RSs, ECHs, FLTs	Not yet	Construction, engineering and other heavy machinery.
Xuzhou Construction Machinery Group Co., Ltd. (XCMG)	XCMG is a multinational Chinese SOE and manufactures a wide range of products, including cranes, excavators, loaders, road machinery, piling machinery, non-excavation machinery, concrete machinery, special vehicles, aerial working equipment, tunnel machinery and resource exploration machinery. XCMG has been investing in the container handling equipment segment (especially mobile equipment) in recent years. Its market position in this segment in China is growing constantly. XCMG has not yet won any major projects outside of China, but it is expected to be able to do so in the near future (following the example of other Chinese suppliers such as Sany). ¹⁸⁶ XCMG has recently entered into a partnership with ZPMC to expand its footprint. XCMG may benefit from ZPMC's established presence in Europe and other regions, which will enable it to expand its activities outside of China. The Parties expect that XCMG will	China (SOE)	RSs, FLTs, ECHs	Not yet	Mining, earthmoving and construction equipment. ¹⁸⁹

¹⁸¹ More information is available at: <http://doosanflt.com/>.

¹⁸² The full list of Doosan distributors in the UK is as follows: 4K Systems, A&S Forklift Services, Ability Handling, Balgownie Bennie Equipment, Blandford Forklifts Budget Forktrucks Ltd, C&D Fork Trucks, Commander Handling, Complete Material Handling, Dawson Group Materials Handling, Fork Truck Direct, Ful-Ton Forklifts, Glosrose Group, Gwent Mechanical Handling, Harrison Fork Trucks, ITS, KDM, KS Lift Trucks, Mexmast, Pendle Forklifts, R&S Plant Sales, R J Hall Forklifts, Uplift, West Mercia, Westex, and Windsor Materials Handling.

¹⁸³ See <https://eu.doosanequipment.com/en/>.

¹⁸⁴ See "CVS Distribution network", available at: <https://www.cvsferrari.it/distribution-network/>.

¹⁸⁵ More information is available at: <https://www.cvsferrari.it/products/heavy-duty-fork-lt/>.

¹⁸⁶ See report available at: <https://www.pema.org/members/sany-port-machinery/>.

¹⁸⁹ See <http://en.xcmg.com/en-ap/product/products.jsp>.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
	become one of the main competitors worldwide in several mobile equipment product categories in the coming years. ¹⁸⁷ XCMG offers several models of heavy-duty FLT of various lifting capacities (16t, 18t, 25t, 30t, 40t and 50t). ¹⁸⁸				
Taylor Machine Works, Inc. (<i>Taylor</i>)	Taylor is based in Louisville, Missouri, USA and was founded in 1927. While predominantly focused on North America, Taylor has already started to expand its network in South America (e.g. in Mexico, Costa Rica and Panama). Taylor offers a wide range of heavy FLT with capacities of 10-36t. ¹⁹⁰	USA	RSs, FLTs, ECHs	Not yet.	N/A – focused on lift trucks (including for other materials, e.g. log stackers). ¹⁹¹
Hyundai Material Handling (<i>Hyundai</i>)	Hyundai is a South Korean manufacturer of construction equipment including hydraulic excavators, wheel loader, skid-steer loaders as well as industrial vehicles. The company markets and supports its products through 500 local distributors in 140 countries, and maintains nine global operation centres in the United States, Europe, India, Indonesia, Brazil and China (Jiangsu, Shandong, Beijing). ¹⁹² Hyundai offers several models of heavy-duty FLTs of various lifting capacities (11-16t, 16-18t and 25t). Hyundai is a recent market entrant, but which already offers a range of different models FLTs – it therefore clearly has expansion plans in this market. The Parties expect Hyundai to become a strong competitor going forward on account of its recognised quality in other machinery and equipment and established customer relations.	South Korea	FLTs	Yes, through various distributors including Acclaim Handling, Bear Handling, Compact Fork Trucks, Euro Mechanical Handling and JD Fork Trucks (N/A).	Construction equipment, automobiles.
Hangzhou Hangcha Forklift (<i>Hangcha</i>)	Hangcha is a Shanghai-listed private Chinese MEQ manufacturer, and is the leading FLT manufacturer and exporter in China. Similarly to Heli, Hangcha is a newer player in the market but which has been able to expand rapidly and become the largest supplier of FLTs globally (when looking at the market shares in the past three years). Hangcha offers several models of heavy-duty FLTs of various lifting capacities (12-16t, 14-16t, 14-18t, 20-25t, 28-32t and 38-48t internal combustion, and 12-16t electric FLTs), comparable to those offered by the Parties. ¹⁹³	China (POE)	RSs, FLTs	Yes, through its distributor, WR Material Handling (N/A).	N/A – focused on lift trucks (including e.g. aerial work platforms). ¹⁹⁴
Linde Material	Linde was founded 1904 in Munich and is based in Aschaffenburg, Germany. The company manufactures FLTs and warehouse trucks. Linde's international network includes production and assembly plants in Germany, France, the Czech Republic, the USA, and China as well as more than 700 sales and service locations. More than 13,000 people around the world work for the Linde brand. ¹⁹⁵ Linde is one of	Germany	FLTs	Yes, through its distributor, C&D Fork Trucks (N/A).	N/A – focused on lift trucks (i.e. MEQ).

¹⁸⁷ See "XCMG news", available at: <https://m.facebook.com/XCMGGroup/photos/a.526571044033359/3758536950836736/?type=3>.

¹⁸⁸ More information is available at <http://www.xcmgeu.com/product/FORKLIFT.htm> and <https://www.directindustry.com/prod/xcmg-50713.html>.

¹⁹⁰ More information is available at: <https://www.taylorforklifts.com/index.html>.

¹⁹¹ See <https://www.svetruck.se/en/>.

¹⁹² See <https://www.hyundai-mh.eu/en/company-info/hyundai-material-handling-europe>.

¹⁹³ More information is available here: <https://www.hcforklift.com/products/>.

¹⁹⁴ See <https://www.hcforklift.com/aerial-work-platform/>.

¹⁹⁵ See <https://www.linde-mh.com/en/About-us/Company/>.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
Handling (Linde)	the world's leading manufacturers of FLT's and warehouse equipment. Since 2006, Linde has been part of the KION Group, the world's second largest manufacturer of industrial trucks and one of the leading suppliers of automation solutions for intralogistics. Linde has branches in more than 100 countries worldwide, and the company's international network includes production and assembly plants in Germany, France, the Czech Republic, the USA and China, as well as more than 700 sales and service locations, including in the UK. Linde offers FLT's of capacity 10-18t. ¹⁹⁶ Linde is especially known for its innovation, and offers fully electric FLT's. ¹⁹⁷				
OTHERS	<p>The Parties note that there is a broad range of other competitors who form a long “tail” in MEQ, particularly in relation to FLT's. These have been referred to in previous submissions by reference to the reporting entity to which they report.¹⁹⁸ The additional unique competitors included in these broader categories of others are as follows (with Chinese competitors in the right hand column):</p> <ul style="list-style-type: none"> - Crown Equipment; - J.C. Bamford Excavators; - Jungheinrich Lift Trucks; - Manitou; - Still; - Unicarriers Europe - Big Joe Forklifts; - BT Industries – Canada Ltd.; - Cat Lift Trucks; - Hoist Material Handling Inc.; - Tora-Max; - Americas Corporation; - Utilev - Soosung Lift MFG. Co., Ltd.; - Komatsu; - Sumitomo NACCO Forklift; - Tailift Machinery Equipment; - Kion Baoli Forklift; - Jiangsu Jingjiang Forklift Truck; - Liuzhou Liugong Forklift; - Zhejiang Goodsense Forklift; - Lonking Forklift; - Anhui Jianghuai Yinlian Heavy-Duty Construction Machine; - Zheujiang Noblelift Equipment Joint Stock; - Hangzhou Global Friend Precision Machinery; - EP Equipment; - Shandong Volin Heavy Machinery; - Vita-Wheel Holding; and - Qingdao Clark Material Handling. 				

¹⁹⁶ See [https://www.linde-mh.co.uk/en_uk/Product-Finder/?offerType=new&sorting\[field\]=productType&sorting\[direction\]=ASC&productTypes\[\]=2376](https://www.linde-mh.co.uk/en_uk/Product-Finder/?offerType=new&sorting[field]=productType&sorting[direction]=ASC&productTypes[]=2376).

¹⁹⁷ See <https://www.linde-mh.com/en/Products/E-Trucks/>.

¹⁹⁸ See FMN, paras. 686-692 – the categories of other FLT OEMs are “Others FEM”, “Others ITA”, “Others CITA”, “Others KOCEMA” and “Others JIVA”.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
<i>Selection of major UK distributors¹⁹⁹</i>					
Briggs Equipment UK (<i>Briggs</i>) ²⁰⁰	Briggs is the largest MEQ distributor in the UK, with a turnover £277 million and 1515 employees in 2019. ²⁰¹ Briggs offers equipment for sale and to rent, and is exclusive distributor for Hyster MEQ. In 2019 Briggs aggressively expanded its geographic presence through acquisitions of various subsidiaries which focus on particular regions (namely: Hiremech (London), Balloo Hire Centre Limited (Northern Ireland), Northern Forklift (Scotland) Limited (Scotland)), as well as the acquisition of the assets of a specialist servicing company (United Plant Services Limited). ²⁰²	N/A – UK	RSs, FLTs, ECHs (Hyster)	Yes ([...])	Also offers defence sector equipment, industrial combustion trucks, electric trucks, pallet trucks, tow tractors, reach pickers, very narrow aisle machines; also offers maintenance and spare parts.
Cooper Handling ²⁰³	Cooper Handling is a major distributor of MEQ in the UK, and has over 20 years' experience in the industry, having been set up by a former employee of Cargotec. Sany has achieved significant success with Sany since switching from Konecranes to Sany in 2016, and is known to promote success stories extensively on social media. ²⁰⁴	N/A – UK	RSs (Sany), ECHs (Sany), FLTs (Svetruck)	Yes ([...]).	Also offers RAM spreaders, Movella Translifters, TEC containers, Telestack Conveyor Systems and Mantsinen hydraulic cranes.

¹⁹⁹ See Annex 9.4 to RFI 1 for a full list of UK MEQ distributors.

²⁰⁰ See <https://www.briggsequipment.co.uk/>.

²⁰¹ See <https://suite.endole.co.uk/insight/company/05895588-briggs-equipment-uk-limited>.

²⁰² Briggs Equipment UK Limited Annual Report for the year ended 31 December 2019, page 3. Available at: <https://find-and-update.company-information.service.gov.uk/company/05895588/filing-history>.

²⁰³ See <https://cooperhandling.com/>.

²⁰⁴ See <https://www.facebook.com/CooperSHGroup/>.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
Impact Handling (<i>Impact</i>) ²⁰⁵	Impact is the second largest MEQ distributor in the UK, with annual turnover of approx. £80 million and 272 employees. ²⁰⁶ Impact offers equipment for sale and to rent, and also offers driver training, fleet management and CFTS Thorough Examinations. ²⁰⁷	N/A – UK	RSs (Konecranes), FLTs (Konecranes, Combilift), ECHs (Konecranes)	Yes (N/A). ²⁰⁸	Also offers FLTs <10t, AGVs, TTs, etc.
Acclaim Handling (<i>Acclaim</i>) ²⁰⁹	Acclaim is a medium-sized distributor, with a turnover of approx. £14 million and 118 employees in 2020. ²¹⁰ As well as offering equipment for sale and to rent Acclaim offers CFTS Thorough Examinations and dedicated mobile technicians. Acclaim is based in Essex but expanded its geographical presence in 2019-20 by opening a new depot in Merseyside. ²¹¹	N/A – UK	FLTs (Hyundai)	Yes (N/A).	Also offers ride-on scrubber driers, sweepers and aerial work platforms.
Glosrose Group (<i>Glosrose</i>) ²¹²	Glosrose is a medium-sized distributor based in Kent, with a turnover of approx. £13.1 million and 40 employees in 2019. ²¹³ Glosrose has over 40 years of experience in the UK MEQ distribution industry, and offers equipment for sale and to rent, as well as CFTS Thorough Examinations.	N/A – UK	FLTs (Doosan)	Yes (N/A).	Also offers industrial trucks, electric trucks, warehouse trucks, heavy trucks, waste & recycling, access & cleaning and all ancillary equipment.

²⁰⁵ See <https://impact-handling.com/>.

²⁰⁶ See https://growjo.com/company/Impact_Handling.

²⁰⁷ A Thorough Examination is a systematic and detailed examination of the lifting equipment by a competent person to detect any defects that are, or might become, dangerous. Such examinations are required by law in the UK – see <https://www.hse.gov.uk/pubns/indg422.pdf>.

²⁰⁸ See footnote 174 above.

²⁰⁹ See <https://acclaimhandling.co.uk/products/diesel-fork-trucks>.

²¹⁰ See <https://suite.endole.co.uk/insight/company/02309389-acclaim-handling-limited>.

²¹¹ Acclaim Handling Limited Annual Report for the year ending 30 April 2020, page 1. Available at: <https://find-and-update.company-information.service.gov.uk/company/02309389/filing-history>.

²¹² See <https://www.glosrose.co.uk/>.

²¹³ See <https://suite.endole.co.uk/insight/company/01252000-glosrose-engineering-limited>.

Competitor	Background	Country of origin	MEQ offering	UK presence (major customers) ¹⁷⁰	Other related operations
Westexe ²¹⁴	Westexe is a medium-sized distributor based in Devon, with a turnover of approx. £9.3 million and 51 employees in 2019-20. ²¹⁵ Westexe offers equipment for sale and to rent, and also offers CFTS Thorough Examinations and driver training.	N/A – UK	FLTs (Doosan)	Yes (N/A).	N/A – focused on FLTs.
Windsor Materials Handling (<i>Windsor</i>) ²¹⁶	Windsor is a medium-sized distributor based in Hull, which has 12 branches throughout the UK. Windsor recorded turnover of approx. £24 million and had 218 employees in 2020. ²¹⁷ Like Glosrose, Windsor was founded in 1976, and so has over 40 years of experience in the UK MEQ distribution industry. Windsor only offers equipment for sale, and has a fleet of over 800 FLTs (up to 16t), stackers, pallet trucks, access platforms.	N/A – UK	FLTs (Kalmar, Doosan)	Yes (N/A).	Also offers ride-on scrubber driers, sweepers, boom lifts and aerial work platforms.

²¹⁴ See <https://www.westexeforklifts.co.uk/>.

²¹⁵ See <https://suite.endole.co.uk/insight/company/06146186-westexe-forklifts-limited> and https://www.dnb.com/business-directory/company-profiles/westexe_forklifts_limited.1a658cdb76058b1ba232b3ef02a32e6e.html.

²¹⁶ See <https://www.windsor-mh.co.uk/>.

²¹⁷ See <https://suite.endole.co.uk/insight/company/02371193-windsor-engineering-hull-limited>.