

Carpenter Co. / Recticel NV/SA final report

Appendices

Appendix A: Terms of reference

Glossary

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- 1 In exercise of its duty under section 33(1) of the Enterprise Act 2002 (the Act) the Competition and Markets Authority (CMA) believes that it is or may be the case that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, in that:
 - (I) enterprises carried on by Carpenter Co. will cease to be distinct from the enterprise consisting of the engineered foams business carried on by, or under the control of, Recticel NV/SA; and
 - (II) the condition specified in section 23(2)(b) of the Act is satisfied; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom (UK) for goods or services, specifically in relation to the (i) supply of unconverted comfort foam in the UK, (ii) supply of unconverted technical foam in the UK, and (iii) supply of converted comfort foam in the UK.
- 2 Therefore, in exercise of its duty under section 33(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 1 January 2023, on the following questions in accordance with section 36(1) of the Act:
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Sorcha O' Carroll
Competition and Markets Authority
18 July 2022

Glossary

The Act	The Enterprise Act 2002
Carpenter	Carpenter Co.
CMA	Competition and Markets Authority
Divestiture trustee	External and independent trustee to complete a divestiture
Independent converters	Firms that purchase unconverted or semi-converted comfort foam which they then convert to sell to third party suppliers of finished products
Integrated converters	Firms that convert comfort foam in-house so as to manufacture and supply finished consumer goods
Initial divestiture period	Timescale to implement the remedy option proposed by the Parties
The Merger	Anticipated acquisition by Carpenter Co of the engineered foams business of Recticel NV/SA
The Parties	Carpenter Co and Recticel NV/SA
The Phase 1 Decision	The CMA's Phase 1 decision (dated 5 August 2022)
Parties' remedy proposal	Remedy option proposed by the Parties
PU	Polyurethane
RCBs	Relevant customer benefits
Recitcel	Recticel NV/SA
REF	The engineered foams business of Recticel NV/SA
Relevant IPR	Data and information
Remedies Notice	Notice of possible remedies
R&D	Research and development
RWP	Remedies working paper

Simple converted components	Mattress components and semi-converted products
SLC	Substantial lessening of competition
TCPP	Tris (chloropropyl) phosphate
TSA	Transitional Service and Supply Agreements
UK	United Kingdom