

CMA blocks planned Cargotec / Konecranes merger

Cargotec and Konecranes both offer a range of container handling equipment and services to port terminals and other industrial customers worldwide. The two companies announced an agreement to merge in a \$5 billion deal in October 2020.

Following an in-depth Phase 2 investigation, the Competition and Markets Authority (CMA) found that the merger would harm competition in the supply of a wide range of container handling equipment products. Within these markets, the CMA's investigation found that Cargotec and Konecranes are competing closely for business in the UK, and that UK customers would have few remaining alternative suppliers after the merger.

While the merging businesses suggested that there would be an increased competitive threat from Chinese suppliers across all markets in future, the CMA found that this would not be sufficient to prevent the significant loss of competition that the merger of two key established suppliers would bring about.

This loss of competition could have serious consequences for UK port terminals and other customers, including higher prices and lower quality products and services across a wide range of container handling products.

Cargotec and Konecranes submitted remedies to seek to address the CMA's concerns. The proposed remedies would have involved carving out packages of assets from within each of their existing container handling equipment businesses, which could then be sold as a new combined business.

Having tested the proposed remedies thoroughly, the CMA found that these asset packages lacked important capabilities, so would not enable whoever bought them to compete as strongly as the merging businesses do at present. The process of carving out these assets from the merging businesses' existing operations, and knitting them together into a new combined business, would be complex and risky, so could significantly impair how effectively the purchaser of that business would be able to compete.

As Cargotec and Konecranes declined to consider alternative remedies that would have involved the sale of one of their existing container handling equipment divisions, the CMA concluded that only the prohibition of the merger could effectively address the wide-ranging concerns that have been identified.

Martin Coleman, chair of the CMA inquiry group, said:

These are global businesses that make significant sales to UK customers, which is why it is critical for us to ensure that competition in the UK is protected.

Container handling equipment is key to the smooth running of UK ports, and events in recent years have shown us how quickly problems in the supply chain can cause problems for UK consumers and businesses.

The solutions put forward by Cargotec and Konecranes failed to effectively address our concerns, which is why we were left with no choice but to block this merger in order to ensure that UK consumers and businesses are not worse off as a result of the deal.

The deal is being reviewed by a number of competition authorities. While each investigation is being carried out independently, the CMA has engaged closely with other agencies throughout its investigation. The European Commission announced the outcome of its investigation on 24 February 2022 and investigations in several other jurisdictions (including Australia and the US) remain ongoing.

For more information, [visit the case page](#).

1. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.
2. The CMA announced [its provisional findings](#) on 26 November 2021. It provisionally found that the proposed merger raised competition concerns in the supply of container handling equipment.
3. The CMA found competition concerns in relation to the supply of seven different types of container handling equipment (rubber-tyred gantry cranes, automated stacking cranes, reach stackers, heavy duty forklift trucks, empty container handlers, straddle and shuttle carriers and automated terminal tractors).
4. In most of these markets, the CMA's investigation found that Cargotec and Konecranes are competing closely for business in the UK, and that UK customers would have few remaining alternative suppliers after the merger. In the emerging market for the supply of automated terminal tractors, the CMA's investigation found that the deal could damage competition between the merged entity and Terberg (which is currently working with Konecranes), who are the two main players at present.