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Shipping Equipment Giants Cargotec and Konecranes Abandon Merger After Justice Department Threatens to Sue

Deal Would Have Eliminated Competition for Shipping Container Handling Equipment and Harmed the Global Supply Chain

Cargotec Corporation (Cargotec) confirmed today that it has abandoned its intended merger of equals with Konecranes Plc (Konecranes) one day after the Justice Department's Antitrust Division informed the parties that the settlement proposal was not sufficient to address concerns that the proposed combination would eliminate important competition in four types of shipping container handling equipment used by port customers to move goods in the global supply chain.

"The Justice Department's Antitrust Division will vigorously investigate potential violations of our antitrust laws, no matter the industry, no matter the company, and no matter the individual," said Attorney General Merrick B. Garland. "The proposed merger of these two shipping equipment giants would have harmed American consumers. It threatened the global supply chain and the free and fair markets upon which the integrity of our economy depends. I commend the outstanding work of our Antitrust attorneys and investigators that led to this outcome and the cooperation of our enforcement partners around the world."

"Cargotec's and Konecranes' proposed merger threatened to harm competition in the sale of container handling equipment to U.S. port customers and terminal operators that move consumer products, medicines, and other important goods through the global supply chain," said Assistant Attorney General Jonathan Kanter of the Justice Department's Antitrust Division. "The combination of Cargotec and Konecranes would have been the culmination of decades of consolidation — and the companies proposed to accomplish it by extracting and retaining the strongest parts of both businesses and selling off the least desirable assets to placate the department. But the Clayton Act is clear: acquisitions that create or entrench market power are illegal. The department will not accept patchwork settlements that do not replace the competition that is lost by a merger."

The proposed transaction would have eliminated intense competition between Cargotec and its closest rival, Konecranes, in markets that are already highly concentrated. In particular, the merger would have led to illegal consolidation in the manufacture and supply of four types of container handling equipment: straddle carriers, rubber-tired gantry cranes, automated stacking cranes, and rail-mounted gantry cranes. Each piece of equipment has a unique design that allows the equipment to move containers between different modes of transportation in the supply chain. Cargotec and Konecranes are also at the forefront of automating port operations and reducing carbon emissions by electrifying equipment — megatrends that are likely to drive purchasing decisions from port customers in the coming years.

The department expresses thanks to its enforcement partners, including the Australian Competition and Consumer Commission, the European Commission, and the United Kingdom's Competition and Markets Authority, for their close and constructive collaboration on this matter.

Cargotec Corporation, operating under the Finnish name Cargotec Oyj, is a public limited company headquartered in Helsinki, Finland. Cargotec earned revenues of approximately $900 million in the United States in 2021.

Konecranes Plc, operating under the Finnish and Swedish names Konecranes Oyj and Konecranes Abp, is a Finnish public limited company headquartered in Hyvinkää, Finland. Konecranes earned revenues of approximately $1.1 billion in the Americas in 2021.

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