

***Case No COMP/M.1950 -  
TOYODA AUTOMATIC  
LOOM WORKS / BT  
INDUSTRIES***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 15/06/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.06.2000  
SG (2000)D/104262

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

**To the notifying parties**

**Subject: Case No COMP/M.1950 - TOYODA AUTOMATIC LOOM WORKS/BT INDUSTRIES**

Notification of 10.05.2000 pursuant to Article 4 of Council Regulation No 4064/89.

1. On 10.05.2000, the Commission received the notification of a proposed operation by which Toyoda Automatic Loom Works, Ltd. will acquire the majority of the shares and voting rights in the capital of BT Industries AB (publ), through a public offer launched on 28 April 2000.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No. 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

**I. THE PARTIES**

3. Toyoda Automatic Loom Works, Ltd. ("TAL") is based in Japan and is an affiliated company of Toyota Motor Corporation group ("TMC"). TMC is engaged, *inter alia*, in the manufacture, sale, leasing and repair of motor vehicles, ships, aircraft and other transportation equipment, as well as in the sales of material-handling equipment. TAL

develops and manufactures mainly industrial counterbalanced forklift trucks and other material-handling equipment that are marketed by TMC . In addition to production by TAL in Japan, TMC and TAL have joint ventures to produce counterbalanced forklift trucks in the United States and France.

4. BT Industries AB (publ) ("BTI") is a Swedish company active world-wide in the production and sale of material-handling equipment. The BT Group has its focus on warehouse equipment and its customers are primarily active in consumer goods industries.

## **II. THE OPERATION AND CONCENTRATION**

5. The operation consists of the acquisition by TAL of the remaining shares and voting rights in BTI by way of Public Offer, launched on 28 April 2000. This acquisition will be in addition to the 25,1% shareholding recently acquired by TAL from a number of individual shareholders. By way of the operation, TAL will acquire sole control over BTI. As a result, TAL will acquire sole control over the whole of a previously independent undertaking. The operation therefore constitutes a concentration within the meaning of article 3(1)(b) of the Merger Regulation.

## **III. COMMUNITY DIMENSION**

6. The combined aggregate world-wide turnover of the undertakings concerned is more than €<sup>1</sup> 5000 million. (TMC group € 101,108 million; the BT group € 1,108 million). The aggregate Community-wide turnover of the undertakings is more than € 250 million (TMC group € [...] million; BT Group € [...] million). The undertakings do not each attain more than two-thirds of their aggregate Community-wide turnover in one and the same Member State. Hence the concentration has a Community-wide dimension.

## **IV. ASSESSMENT**

### **A. The relevant product markets**

*The product market for material-handling equipment.*

7. The proposed concentration concerns the material-handling equipment sector. In the notifying Party's view, which is in line with the Commission's decision in the Linde Fiat OM case, material-handling equipment can be subdivided into two different markets,

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<sup>1</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

the market for counterbalanced forklift trucks and the markets for warehouse equipment.<sup>2</sup> This approach is confirmed, in this case, by the market investigation carried out by the Commission.

### *Counterbalanced Forklift Trucks*

8. This market includes counterbalanced forklift trucks fitted with lifting/handling equipment and used in warehousing, storage and manufacturing facilities, and the transportation industry for loading, carrying, lifting and stacking goods and materials .

Counterbalanced forklift trucks are used for the transport of goods in horizontal and vertical directions up to a lifting height of 4 to 6 metres. They all lift the goods outside the base of their wheels. The tipping momentum is balanced by a counterweight. Counterbalanced forklifts are available in a great variety of models, differing in weight bearing capacity (0.6 to 50 tonnes) and power (electric, diesel, petrol, propane gas). They are the most flexible and fastest handling equipment inside a factory or warehouse and are used mainly for fast horizontal transport and for limited lifting tasks.

9. Due to these basic and common characteristics, the Commission in the above-mentioned Linde Fiat OM case found that counterbalanced forklift trucks should be distinguished from other material-handling equipment (i.e. warehouse equipment) which serves more specialised purposes. In addition to their advantages (weight bearing capacity, speed lifting capacity), counterbalanced forklift trucks also have disadvantages. They require, for example, more room for manoeuvring than other means of transport and cannot lift goods very high. For these reasons, they cannot be used for transport between storage shelves and no demand substitution between counterbalanced forklift trucks and warehouse equipment exists.

In view of this, counterbalanced forklift trucks can be distinguished as a separate relevant product market.

### *Warehouse Equipment*

10. With respect to warehouse equipment, which primarily operates indoors, there is a large variety of products.

The Parties identify :

- Electric motor narrow aisle trucks, so-called "riders", are larger powered trucks on which the driver stands or sits. These trucks are used for intensive order picking and/or pallet handling with lift heights up to approximately 13 metres.
- Electric motor hand trucks, so-called electric "walkies", are small, electric powered warehouse trucks that the operator pushes or drives while standing. These trucks are used for all types of goods handling with lift heights up to approximately 5 metres.

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<sup>2</sup> Case No IV/M.256 - Linde Fiat OM, decision of 28. 09.1992.

- Hand pallet trucks are small, manual powered trucks normally used for small volumes and short distances.

The warehouse equipment segment could be further divided into sub-groups due to special applications, size and other characteristics, each product serving a different, very specific purpose.

11. However, the products are part of an overall system and, therefore, complementary. Users establishing new warehouses generally require the entire range of warehouse equipment or at least an essential part of it, i.e., the basic equipment. Clients are therefore, to a large extent, the same for all product lines.

The same is true for the supply side. The suppliers of warehouse equipment in principle produce the entire or nearly the entire product range, usually at one and the same production site. The main components, production machines used and the entire basic production are the same for all types of warehouse equipment. Only the final assembly differs, due to different additional components.

In view of this, warehouse equipment products can be distinguished as a separate relevant product market.

#### **B. The relevant geographic markets.**

##### *The geographic market*

12. The notifying Party is of the opinion that the relevant geographic market which should form the basis of a competitive analysis of the concentration consists of the EEA. Such was also indicated by the Linde- decision.

The conditions of competition within this area are essentially homogeneous, at least on the manufacturing level. In this respect, there are no significant differences between the product markets for counterbalanced forklift trucks and warehouse equipment. Within the EEA, these conditions are essentially the same for all traders and there are no significant barriers to entry of a legal, economic or geographic nature which affect the movement of material handling equipment across borders within this area. EC Directives have harmonized procedures for placing lifting and mechanical handling appliances on the market and include, amongst others, minimum safety provisions. Large customers generally initiate multinational negotiations with a number of suppliers of material-handling equipment for central procurement for their operations in several countries. Although the Commission pointed out in its decision concerning the Linde Fiat OM merger that the importance of distribution and service networks is an aspect which could indicate the existence of national markets, the Commission has not found that this aspect would deter the growth of cross-border sales. Market investigation has confirmed that both competitors and customers regard the relevant geographic market to be at least EEA-wide. Therefore, the relevant geographic market can be considered to be that of the EEA.

### C. Competitive Assessment.

#### *The market for counterbalanced forklift trucks*

13. The EEA-wide counterbalanced forklift truck market is concerned by the notified transaction, but the Parties' combined market share on that market does not exceed 15%, i.e. for TAL: [5-10%] and for BTI: [0-5%], an aggregate share of [10-15%].

Therefore, the concentration does not result in an affected market for counterbalanced forklift trucks and competition on this market is not significantly impeded in the common market or the EEA.

#### *The market for warehouse equipment*

14. On the EEA-wide warehouse equipment market the Parties' aggregate market share exceeds 15%, but remains below 25%, where BTI's share is [15-25%] and TAL's share is only [0-5%], an aggregate share of [20-25%]. In view of the [...] market share addition on this market, it cannot be said that competition on this market is substantially affected by the operation. In addition, on this market a number of strong competitors are present, such as the international groups Linde AG [30-35%], Jungheinrich AG [25-30%], Nacco Industries [5-10%] and Crown Gabelstapler GmbH [5-10%] and a few smaller competitors, such as Rocla Oyj and Atlet AB., with each about [0-5%] share and Mitsubishi/Caterpillar. (Market shares are based on the Parties' estimates).

Therefore, on this market the operation does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the common market or a substantial part thereof or in the EEA.

15. Hence it is considered that the proposed operation does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the common market or the EEA or any substantial part of those. Given the above, the concentration does not raise serious doubts as to its compatibility with the common market or the functioning of the EEA Agreement.

### V. CONCLUSION

16. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6 (1) (b) of Council Regulation (EEC) No. 4064/89.

For the Commission,

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