

Determination

Mohawk Industries, Inc. and Bremworth Limited [2026] NZCC 25

The Commission:	Dr Derek Johnston Nathan Strong Joseph Liava'a
Summary of application:	An application from Mohawk Industries, Inc. seeking clearance for it, or any interconnected body corporate, to acquire 100% of the shares of Bremworth Limited.
Determination:	Under section 66(3)(a) of the Commerce Act 1986, the Commerce Commission gives clearance for the proposed acquisition.
Date of determination:	30 June 2026

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Executive summary

- X1. The Commerce Commission grants clearance to Mohawk Industries, Inc. (Mohawk) for it, or any interconnected body corporate of Mohawk, to acquire 100% of the shares of Bremworth Limited (Bremworth) (the Proposed Acquisition). In New Zealand, Mohawk's interconnected bodies corporate include Godfrey Hirst NZ Limited (Godfrey Hirst) and Floorscape Limited (Floorscape).
- X2. In reaching its decision, the Commission considered the potential impact of the Proposed Acquisition on the market for the wholesale supply of soft flooring products. The products within this market are highly differentiated, with the two main types of soft flooring products comprising synthetic carpet and wool carpet, both of which are available at varying price points, quality levels and colours.
- X3. Bremworth has faced recent financial challenges, but we consider that absent the Proposed Acquisition, Bremworth would operate as a going concern independently of Godfrey Hirst either under its current shareholdings or under new ownership.
- X4. Both Godfrey Hirst and Bremworth (the Parties) are large domestic manufacturers of soft flooring products that have supplied the New Zealand market for over 50 years. The Proposed Acquisition would remove the existing competition between Godfrey Hirst and Bremworth, with the loss of competition being most acute in relation to the supply of wool carpets, which is where the Parties are the largest current suppliers.
- X5. Within the broader soft flooring market we defined, wool carpet was historically the most popular product sold in New Zealand and the Commission considered closely the competitive dynamics in the supply of wool carpet, including whether the merged entity would be able to leverage its position in the supply of wool carpet into other parts of the soft flooring market.
- X6. However, the evidence we received over the course of our assessment indicates that wool carpet, while still being an important part of the market, no longer has the significance it once had. Rather, synthetic carpet products have grown in popularity and now account for the predominant share of soft flooring products sold in New Zealand. The majority of synthetic carpet is supplied by competitors who import the product into New Zealand, and these imports compete with the synthetic and wool carpet products supplied by both Godfrey Hirst and Bremworth.
- X7. On balance, we do not consider the loss of competition arising from the Proposed Acquisition is likely to be substantial when considered in the context of the whole soft flooring market. While the Parties currently compete closely in the supply of wool carpet, we consider the merged entity would be constrained by a combination of factors, particularly:
 - X7.1 constraint from existing competing suppliers of carpet (predominantly synthetic but there are also alternative wool carpet suppliers);

- X7.2 the ability for end-customers to switch from buying wool carpet to buying synthetic carpet; and
 - X7.3 the potential for entry and/or expansion by competing suppliers of carpet, particularly if supported by retailers.
- X8. Given these factors, in our view the merged entity would also be unlikely to be able to leverage its position in the wool part of the market into the soft flooring market more broadly.
- X9. Accordingly, the Commission grants clearance to the Proposed Acquisition as the Commission is satisfied that it would not be likely to have the effect of substantially lessening competition in any relevant market in New Zealand.

The Proposed Acquisition

1. On 24 October 2025, the Commerce Commission registered an application (the Application) from Mohawk seeking clearance for it, or any interconnected body corporate of Mohawk, to acquire 100% of the shares of Bremworth.¹

Our determination

2. The Commerce Commission grants clearance to Mohawk Industries, Inc. for it, or any interconnected body corporate of Mohawk, to acquire 100% of the shares of Bremworth Limited.

Our framework

3. Our approach to analysing the competition effects of mergers is based on the principles set out in our Mergers and Acquisitions Guidelines.²

The substantial lessening of competition test

4. As required by the Commerce Act 1986 (the Act), we assess mergers using the substantial lessening of competition test.
5. We determine whether a merger is likely to substantially lessen competition in a market by comparing the likely state of competition if the merger proceeds (the scenario with the merger, often referred to as the factual), with the likely state of competition if the merger does not proceed (the scenario without the merger, often referred to as the counterfactual).³
6. A lessening of competition is generally the same as an increase in market power. Market power is the ability to raise price above the price that would exist in a competitive market (the 'competitive price'),⁴ or reduce non-price factors such as quality or service below competitive levels.
7. Determining the scope of the relevant market or markets can be an important tool in determining whether a substantial lessening of competition is likely. A relevant market is ultimately determined, in the words of the Act, as a matter of fact and commercial common sense.⁵

When a lessening of competition is substantial

8. Only a lessening of competition that is substantial is prohibited. A lessening of competition will be substantial if it is real, of substance, or more than nominal.⁶

¹ Unless the context requires otherwise, for purposes of this determination, we refer to Godfrey Hirst as the relevant Mohawk party that we are discussing.

² Commerce Commission, *Mergers and Acquisitions Guidelines* (May 2022).

³ *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].

⁴ Or below competitive levels in a merger between buyers.

⁵ Section 3(1A). See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81].

⁶ *Woolworths & Ors v Commerce Commission* (2008) 8 NZBLC 102,128 (HC) at [127].

9. Consequently, there is no bright line that separates a lessening of competition that is substantial from one which is not. What is substantial is a matter of judgement and depends on the facts of each case.⁷ We often assess the likelihood of competition being substantially lessened by asking whether consumers in the relevant market(s) are likely to be affected in a material way.

When a substantial lessening of competition is likely

10. A substantial lessening of competition is 'likely' if there is a real and substantial risk, or a real chance, that it will occur. This requires that a substantial lessening of competition is more than a possibility but does not mean that the effect needs to be more likely than not to occur.⁸

The clearance test

11. We must clear a merger if we are satisfied that the merger would not be likely to substantially lessen competition in any market.⁹ If we are not satisfied – including if we are left in doubt – we must decline to clear the merger.¹⁰
12. In *Woolworths* the Court of Appeal held that “the existence of a ‘doubt’ corresponds to a failure to exclude a real chance of a substantial lessening of competition”.¹¹
13. The burden of proof lies with the applicant, to satisfy us on the balance of probabilities that the merger is not likely to have the effect of substantially lessening competition.¹² The decision to grant or refuse a clearance is to be made on the basis of all of the evidence.¹³ We will sometimes have before us conflicting evidence from different market participants and must determine what weight to give the evidence of each party.¹⁴
14. A lessening of competition does not need to be felt equally across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial. It is sufficient if there is an appropriate degree of a lessening of competition in a significant section of a broader market for there to be a substantial lessening of competition in that market.¹⁵
15. A lessening of competition or an increase in market power may manifest itself in a number of ways, including higher prices or reduced services.¹⁶

⁷ *Mergers and Acquisitions Guidelines* above n2 at [2.23].

⁸ *Woolworths & Ors v Commerce Commission* (HC) above n6 at [111].

⁹ The Act s 66(3)(a).

¹⁰ *Brambles v Commerce Commission* above n5 at [55], considered in *Commerce Commission v Woolworths Ltd* (CA) above n3 at [86].

¹¹ *Commerce Commission v Woolworths Ltd* (CA) above n3 at [98].

¹² *Commerce Commission v Southern Cross Medical Care Society* (2001) 10 TCLR 269 (CA) at [7] and *Commerce Commission v Woolworths Ltd* (CA) above n3 at [97].

¹³ *Commerce Commission v Woolworths Ltd* (CA) above n3 at [101].

¹⁴ *Brambles v Commerce Commission* above n5 at [64].

¹⁵ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43, 888.

¹⁶ *Mergers and Acquisitions Guidelines* above n2 at [2.21].

The Parties

16. Godfrey Hirst manufactures and supplies a range of carpet and hard flooring products to residential and commercial customers across Australia and New Zealand. It is ultimately owned by Mohawk, which operates a range of flooring businesses in different parts of the world. In New Zealand, Mohawk operates via:
 - 16.1 Godfrey Hirst, which supplies carpet made from both wool and synthetic fibres under brand names such as Godfrey Hirst, GH Commercial and Feltex. Godfrey Hirst also supplies hard flooring products such as timber, hybrid, laminate, vinyl plank and vinyl sheet under its Godfrey Hirst brand;¹⁷ and
 - 16.2 Floorscape, which supplies a range of hard flooring products made from materials such as sheet vinyl, Luxury Vinyl Tile (LVT) and laminates under brand names such as Quick-Step and Pergo.
17. Bremworth manufactures and supplies a range of carpet products to residential and commercial customers across Australia and New Zealand. In New Zealand, Bremworth primarily supplies wool carpet under its 'Bremworth' brand. Bremworth ceased supplying synthetic carpet in May 2021 but, following a strategic review, introduced four new ranges of synthetic carpet in late 2025.

Industry background

18. As indicated above, both Godfrey Hirst and Bremworth manufacture a range of carpet products and supply these to customers across New Zealand. In this section, we set out the relevant supply chain for the supply of carpet and some of the key industry information about each level of the supply chain.

The supply chain for carpet in New Zealand

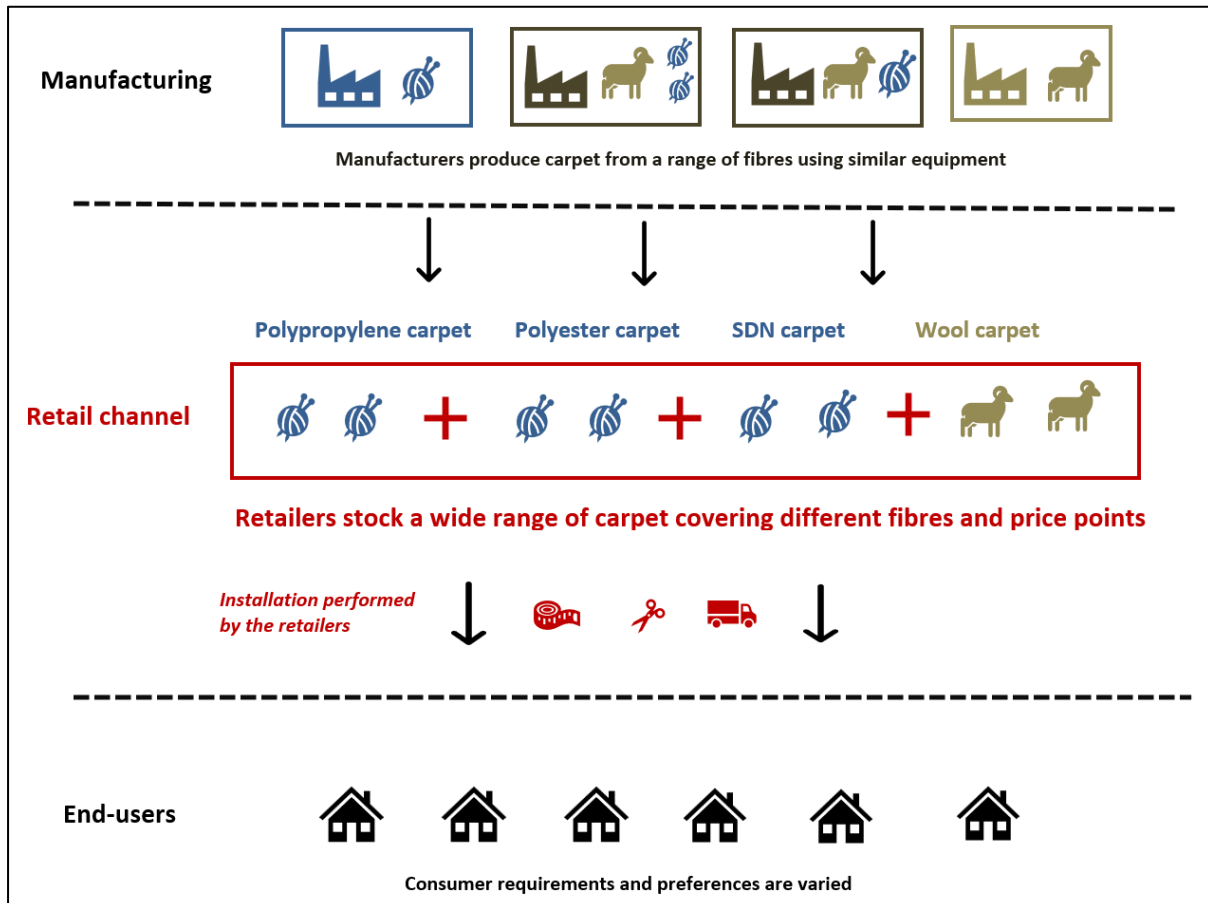
19. In New Zealand, there are three main levels of the supply chain for carpet, namely the manufacturer level, the retail level and the customer level, as set out in Figure 1 below. We expand on these levels of the supply chain in the section below.
 - 19.1 Godfrey Hirst and Bremworth manufacture a range of carpet products using similar manufacturing equipment. As such, there is a degree of substitution on the supply side between different carpet products. In New Zealand, Godfrey Hirst and Bremworth wholesale the carpet they make to retailers alongside distributors who import carpet made overseas. We discuss the key importers of carpet in New Zealand below, some of whom manufacture the carpet themselves overseas, and some of whom contract with overseas manufacturers to produce the carpet on their behalf for wholesale in New Zealand.
 - 19.2 Flooring retailers generally stock a wide range of carpet products at different price points. These carpets vary by colour, fibre type (including wool,

¹⁷ <https://www.godfreyhirst.com/nz/product-search/carpet>; and <https://www.godfreyhirst.com/nz/product-search/hard-flooring>.

solution-dyed nylon (SDN), polyester and polypropylene), performance quality and weight. Retailers seek to stock a wide range of carpet products in order to cater to the different tastes and budgets of carpet customers.

- 19.3 In New Zealand, the vast majority of carpet is sold to end-users via flooring retailers with most carpet being installed in residential homes.

Figure 1: The supply chain for carpet in New Zealand



Source: feedback from industry participants.

The manufacturing level of the supply chain

20. Set out below is some further information on the manufacturing level of the supply chain including:
- 20.1 the type of fibres used by manufacturers to make carpet;
 - 20.2 in addition to the Parties, the other main manufacturers and distributors of carpet in New Zealand; and
 - 20.3 the current presence of the different suppliers of carpet products.

The type of fibre used to make carpet

21. The carpet that is supplied in New Zealand is made from three main types of fibres, namely:

- 21.1 wool, which is a natural fibre known for its insulation and hypoallergenic properties. We understand that wool carpet tends to be a more 'high end' product in terms of price and quality although there are a number of different price points for wool carpet;
 - 21.2 SDN, which is a synthetic fibre known for being stain resistant and durable. We understand that SDN carpet tends to be a more 'mid-range' product although, like wool, there are a number of different price points for SDN carpet; and
 - 21.3 polyester, which is a synthetic fibre known for its stain resistance and value. We understand that polyester carpet tends to be a more 'low end' product in terms of price and quality.
22. In addition, carpet can be produced by two different processes: either by the tufting process; or the weaving process.
- 22.1 Tufted carpet is produced by inserting strands of yarn into a backing using a needling technique, forming loops of tufts at the required length. A latex coating is applied to the reverse side, anchoring tufts in position. A secondary backing is used in the finishing process to add strength and stability.
 - 22.2 Woven carpet is produced on a loom similar to woven cloth. Typically, many coloured yarns are used and this process is capable of producing intricate patterns from pre-determined designs.
23. The format in which the carpet is produced and supplied can also vary. Broadloom carpets are supplied in rolls that enable the carpet to be installed seamlessly across a floor. Alternatively, carpet tiles are supplied in a pre-cut modular form, which enables the carpet to be more easily repaired and/or replaced than a broadloom carpet. Because each format is installed differently, the total cost to install the carpet can vary significantly between the two formats.¹⁸

Other suppliers of carpet

24. In addition to Godfrey Hirst and Bremworth, there are several other suppliers of carpet in New Zealand although their presence and operations in New Zealand vary significantly. These suppliers fall into three main groups:
- 24.1 domestic manufacturers;
 - 24.2 overseas-based carpet manufacturers; and
 - 24.3 New Zealand-based carpet wholesalers.
25. Carpet Mill is the only domestic manufacturer of carpet other than the Parties. Unlike Godfrey Hirst and Bremworth, Carpet Mill does not manufacture large

¹⁸ Based on Stats NZ import data, we understand that a significant percentage of the carpet that is imported into New Zealand is in the form of carpet tiles.

volumes of wool carpet nor does it predominantly supply its carpet directly to flooring retailers. Rather, it has a 'direct to end customer model' and operates its own retail network of mobile showrooms that primarily stock synthetic carpets.¹⁹

26. Overseas-based carpet manufacturers are suppliers that manufacture product overseas and have sales representatives based in New Zealand. Similar to the Parties, these suppliers seek to have their ranges of synthetic carpets and wool carpets stocked in various flooring retailers. Overseas-based carpet manufacturers include suppliers such as:
 - 26.1 Belgotex New Zealand Limited (Belgotex), whose carpet products are manufactured in various overseas locations;²⁰ and
 - 26.2 The Victoria Carpet Company Proprietary Limited (Victoria Carpets), whose carpet products are manufactured in Australia.
27. New Zealand-based carpet wholesalers are suppliers that source product from an overseas manufacturer for distribution in New Zealand. Similar to the Parties, these suppliers seek to have their range of imported synthetic carpets and wool carpets stocked in various flooring retailers. Carpet wholesalers include suppliers such as:
 - 27.1 Wools of New Zealand Holdings Limited (Wools of NZ);
 - 27.2 Jacobsen Creative Surfaces Limited (Jacobsen); and
 - 27.3 Robert Malcolm Limited (Robert Malcolm).

The current presence of the different suppliers of carpet

28. As part of our assessment, we collected sales and volume data covering a number of years from a range of industry participants as well as from Stats NZ. Some of this data is included in Table 1 below, which highlights the recent sales from the main suppliers of carpet. While much of the data the Commission collected is confidential, we understand that:
 - 28.1 because Bremworth only recently re-introduced synthetic carpet, there has until recently only been two domestic manufacturers of synthetic carpet (Godfrey Hirst and Carpet Mill). The majority of synthetic carpet that has been supplied in New Zealand in recent times has been imported;
 - 28.2 the total soft flooring market has contracted in recent years, which we understand to be due to soft consumer spending, high inflation, high interest rates and depreciation in house prices in the residential sector, and a similar slowdown in commercial construction. While synthetic carpet products have grown in popularity in New Zealand over the last decade, the more recent reduction in sales from FY21-FY25 has disproportionately affected synthetic

¹⁹ <https://www.carpetmill.co.nz/about/the-carpet-mill-difference>.

²⁰ []. See email from [] to the Commerce Commission (9 June 2026).

carpet sales, with total sales of over \$250 million in FY21 decreasing to less than \$200 million in FY24 and FY25; and

- 28.3 Godfrey Hirst and Bremworth each have a strong presence in the supply of wool carpet and collectively supply a significant amount of the wool carpet sold in New Zealand.

Table 1: Carpet sales by supplier in 2025

Supplier		Synthetic	Wool	Total	Share
Godfrey Hirst		[			
Mohawk direct					
Bremworth					
Merged entity					
Carpet Mill					
All other suppliers (Imports)					
	Belgotex				
	Jacobsen				
	Robert Malcolm				
	Victoria Carpets				
	Wools of NZ				
	Carpet Court direct				
	Other imports				
Total				]	100%

Note: All figures are sourced direct from supplier unless noted.²¹

The retail level of the supply chain

29. Set out below is some further information on the retail level of the supply chain including:

29.1 the role of flooring retailers in the supply chain; and

29.2 the main flooring retailers.

Role of flooring retailers

30. We understand that most carpet in New Zealand is sold to end customers through a flooring retailer.²² There are a variety of flooring retailers that typically stock a range

²¹ Some suppliers had incomplete data for FY25, therefore, some suppliers' FY25 have been extrapolated for 12 months. Estimate for 'other imports' calculated using Stats NZ carpet imports data (at cost including insurance and freight), data provided by NERA and supplier revenue data. We follow NERA's methodology for estimating wholesale values for imports by first excluding direct known imports at cost and applying a mark-up of 20%, applied to the remaining imports (this departs from NERA's assumption that the mark-up applies to 20% of remaining imports based on information on total market available to the Commission).

[

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²² See the Addendum to the Application at [2].

of soft flooring products (including carpet made from synthetic fibres, such as SDN and polyester, as well as from wool fibres) and hard flooring products (such as sheet vinyl, LVT and laminates).

31. The flooring retailer will typically source carpet from a supplier and then provide the necessary installation services for the end-consumer. To this extent:
 - 31.1 the end-consumer only has an indirect relationship with the wholesaler of the carpet via the flooring retailer; and
 - 31.2 because they are responsible for the installation, flooring retailers tend to only sell carpets that meet their preferred quality and service standards.

Who are the main retailers in New Zealand

32. The scale of retailers varies from independent single-store retailers, all the way up to retail chains with a large footprint of stores across New Zealand. The Application highlights some of the types of flooring retailers, which include:²³
 - 32.1 large retailer groups that operate a nationwide chain of stores, such as Carpet Court and Flooring Xtra;
 - 32.2 smaller retailer groups that operate several stores at a more regional level, such as Flooring Design (in various locations across the North and South Islands);
 - 32.3 independent retailers that operate a single store (or a low number of stores) and are not affiliated with a banner group;²⁴ and
 - 32.4 Carpet Mill and Harrisons, which both operate nationwide retail networks of mobile showrooms.
33. Table 2 below highlights the sales that the Parties make through these different retailers. While much of the information is confidential, it indicates that:
 - 33.1 the vast majority of sales are made via flooring retailers;
 - 33.2 there are large retailer groups that source large volumes of carpet from both parties; and
 - 33.3 a substantive volume of the Parties' sales are made via smaller retailer groups and retailers that operate a single store or low numbers of stores.

²³ See the Application at [84] and [120] and Addendum to the Application at [76].

²⁴ Many of these retailers offer both commercial and residential carpet, but there are also some independent retailers that focus on commercial carpet/flooring.

Table 2: Sales made by the Parties by retailer

Retailer (or retailer group)	Godfrey Hirst	Bremworth
Carpet Court Group	[]	[]
Flooring Xtra Group	[]	[]
Harrisons Group	[]	[]
Independent retailers	[]	[]
Commercial retailers and direct sales to large/commercial customers	[]	[]
Total	100%	100%

Source: Application.

The customer level of the supply chain

34. Set out below is some further information on the customer level of the supply chain including:

34.1 the range of carpet products that retailers stock; and

34.2 recent trends in the preferences of customers.

The range of carpet products that retailers stock

35. As noted above, flooring retailers typically stock a range of soft and hard flooring products.

36. From an end-consumer perspective, we understand from speaking to flooring retailers and suppliers that:

36.1 there is a wide range of soft flooring products available to purchase at different price points, colour, fibre type, performance, quality and weight. Each fibre type has slightly different comfort and performance attributes that can make them suitable for different uses, however there is also some overlap in attributes across fibre types;²⁵ and

36.2 end-consumers consider a range of factors when choosing a carpet, with the main factors tending to be price, performance/durability and colour, with substitutability across fibre types (and other features) varying from customer to customer – to this end, while there are exceptions, we understand that customers such as landlords, developers and commercial customers tend to prioritise factors such as price and durability, and will typically use synthetic carpets, while in individual residential customers, especially those building

²⁵ For example, see email from [] to the Commerce Commission (18 December 2025), Anonymous B submission on SoPI (12 November 2025) at [20.5], Commerce Commission interview with [] (28 January 2026) and Commerce Commission interview with [] (2 February 2026).

high-end homes, in conjunction with an architect, may be more likely to prioritise factors such as colour, style and service.²⁶

37. To assist with decision making, flooring retailers and suppliers provide information and guidance to consumers on the different options.²⁷ We understand that it is common in the industry to group the different options into three general categories and refer to them as “Good, Better, Best”. However, there is no bright line that distinguishes a Good carpet from a Better carpet from a Best carpet.
- 37.1 “Good” carpets tend to be synthetic carpet (often made from polyester fibres) that target the budget or lower end of the soft flooring market. Polyester carpets are known for their stain resistance and for their soft and luxurious feel which make them suitable for low traffic areas.
- 37.2 “Better” carpets tend to be synthetic carpet (often made from SDN fibres) that target the middle of the soft flooring market. SDN carpets are known for their stain resistance, colourfastness, and durability.
- 37.3 “Best” carpets tend to be wool carpet and some synthetic carpets (such as SDN or Triexta fibres) that target the higher end of the soft flooring market. Best carpets offer a more luxurious flooring product than other types of carpet and provide a combination of comfort, performance, longevity, and stain resistance.

Recent trends and past assessments by the Commission

38. Both Godfrey Hirst and Bremworth are large domestic manufacturers that have been supplying carpet in New Zealand for over 50 years. Over this time, both have been involved in acquisitions that have contributed to their current presence in New Zealand. For example:
- 38.1 in 2006, the Commission cleared Godfrey Hirst to acquire Feltex Carpets;²⁸ and

²⁶ For example, see Commerce Commission interview with [] (13 November 2025), Commerce Commission interview with [] (14 November 2025), Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (2 December 2025), Commerce Commission interview with [] (5 November 2025), [] (29 January 2026), [] (28 January 2026) and [] (28 January 2026), and Matthews Law – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (27 November 2025) and Anonymous B – Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (12 November 2025) at [20.5].

²⁷ For example, see Harrisons: “The 3 Things That Matter Most When You’re Buying Carpet” and “Wool Carpet. The pros and cons revealed”, Flooring Xtra: “Our Guide To Carpet”, and Godfrey Hirst: “7 Simple Steps To Choosing The Right Carpet” and “How to Choose the Perfect Carpet for Your Home”.

²⁸ Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006).

38.2 in 2007, the Commission cleared Bremworth to acquire Norman Ellison.²⁹

39. In both these cases, there were several remaining large domestic manufacturers of carpet and the presence of these domestic manufacturers was one of the main factors in the Commission's decision to grant clearance.
40. These cases also indicated that domestically manufactured wool carpet tended to be the most popular type of soft flooring product sold in New Zealand but that there was a growing prevalence of carpet made from other fibres being imported and sold in New Zealand. At the time, industry participants indicated to the Commission that imported product accounted for approximately 20% of the carpet sold in New Zealand.³⁰
41. Industry participants in this investigation advised that this trend has continued such that, currently, imports of carpet account for a more significant proportion of the carpet sold in New Zealand than at the time of the previous Commission decisions, with most of the imported carpet tending to be made from synthetic fibres. Godfrey Hirst estimates the proportion of imported carpets could account for almost 50% of all the carpet sold in New Zealand (by value) in 2024, increasing from 30% in 2016,³¹ and this aligns with our own internal estimates.
42. While end-consumers consider a range of factors when choosing a carpet, we understand that one of the reasons for the increase in the imports and sales of synthetic carpet is that technological developments with synthetic fibres means that synthetic carpet can now be made with many of the performance and quality attributes that historically made wool carpet popular with consumers.³²
43. Notwithstanding the overall trend towards synthetic carpet in past years, industry participants also told us they have been recently observing increasing demand for wool, and/or forecasting demand for wool carpet to grow, particularly as end-consumers place increased importance on environmental and/or sustainability factors.³³ This aligns with our market share calculations that show a slight increase in

²⁹ Commerce Commission - Cavalier Corporation Limited and Norman Ellison Holdings Limited (Decision 628, 14 November 2007).

³⁰ For example, see Clearance application from Godfrey Hirst NZ Limited (2 August 2026), Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006), Clearance application from Cavalier Corporation Limited (8 October 2007), Commerce Commission - Cavalier Corporation Limited and Norman Ellison Holdings Limited (Decision 628, 14 November 2007).

³¹ The Application at [6.6] and Attachment K.

³² For example, see Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (14 November 2025) and Commerce Commission interview with [] (14 November 2025).

³³ For example, see Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (2 December 2025), Commerce Commission interview with [] (2 February 2026), and Commerce Commission interview with [] (29 January 2026) as well as page 1 of document titled "[]" attached to email from [] to the Commerce Commission (4 February 2026), and pages 4-5 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

wool carpet sales from FY21 to FY24, at the same time as synthetic carpet sales have been decreasing. The New Zealand Government also requires the use of woollen fibres in government buildings, where practical and appropriate.³⁴ Nonetheless, at this stage wool carpet remains a much smaller part of the soft flooring market than it was in the past and as compared to synthetic carpet.

Our investigation

44. Our investigation of the Proposed Acquisition saw us gather information from the Parties and third parties through interviews, information requests and submissions.

The issues we investigated

45. Our investigation focused on assessing whether the Proposed Acquisition would be likely to substantially lessen competition in a market due to unilateral effects. In particular, our investigation required us to consider:
- 45.1 the relevant market definition;
 - 45.2 the relevant counterfactual;
 - 45.3 the closeness of competition between the Parties;
 - 45.4 the degree of constraint that existing competitors would impose on the merged entity;
 - 45.5 how easily rival carpet manufacturers and/or carpet imports could enter and/or expand (and the likelihood with which they would do so); and
 - 45.6 countervailing power and whether wholesale customers, namely carpet retailers, have special characteristics that would enable them to resist a price increase by the merged entity.
46. During the course of our investigation we published three different issues statements on which the Parties, interested industry participants and members of the public had the opportunity to make submissions.
- 46.1 On 28 October 2025, the Commission published a statement of preliminary issues (SoPI) summarising the key points in Godfrey Hirst's application and setting out the issues that we considered important at the start of our investigation.
 - 46.2 On 23 December 2025, the Commission published a statement of issues (Sol) setting out the potential competition issues that we had identified following our initial investigation of the Proposed Acquisition.

³⁴ <https://www.procurement.govt.nz/about-us/news/new-construction-procurement-guide-use-of-woollen-fibres-in-government-buildings/>.

- 46.3 On 14 April 2026, the Commission published a statement of unresolved issues (SoUI) setting out the potential competition issues that had not been resolved at the time and that we were continuing to test before making a final decision on Godfrey Hirst's application.

Submissions we received from industry parties

47. Over the course of our investigation, we received extensive submissions from the Parties and other industry participants including in response to our issues statements. The Attachment summarises these submissions in relation to the six key issues that were the focus on our investigation namely:
- 47.1 market definition, as we received submissions on the extent to which the different flooring products should be assessed in the same product market;
 - 47.2 the counterfactual, as we received submissions on what Bremworth would likely do absent the Proposed Acquisition;
 - 47.3 closeness of competition, as we received submissions on the extent to which Godfrey Hirst and Bremworth currently compete with one another and the extent to which the Proposed Acquisition removes any such competition between them;
 - 47.4 the degree of constraint from existing competitors, as we received submissions on the level of constraint that domestic manufacturers and carpet importers would provide on the merged entity;
 - 47.5 entry and expansion, as we received submissions on the likelihood of new entry and on the ability of existing carpet suppliers to expand; and
 - 47.6 countervailing power, as we received submissions on the extent to which flooring retailers would have countervailing power with which to constraint to merged entity.

Market definition

48. We consider that the market relevant to the assessment of the competitive effects of the Proposed Acquisition is the national market for the manufacture or import and wholesale supply of differentiated soft flooring products (the soft flooring market).
49. We set out below our reasoning for defining this market.

Our approach to market definition

50. Market definition is a tool that helps identify and assess the close competitive constraints a merged entity is likely to face post-acquisition.³⁵ Determining the relevant market requires us to judge whether, for example, two products or services

³⁵ See *Brambles v Commerce Commission*, above n5 at [137] where the Court recognised that "...market definition is a tool for competition analysis rather than an end in itself".

are sufficiently close substitutes in demand and/or supply as a matter of fact and commercial common sense so as to fall within the same market.

51. The conceptual framework we use when we define the relevant market in a merger is the 'hypothetical monopolist test'. We ask whether a hypothetical monopolist of the product or service in question could profitably impose a small, but significant, non-transitory increase in price (SSNIP) for at least one of a merged entity's products or services.³⁶ This will be the case when there are few close substitutes to the product or service in question.³⁷
52. We consider substitution by both customers and suppliers and ask, if prices increased, whether:
 - 52.1 customers would switch sufficient purchases to alternative products, services or locations so that a SSNIP is not profitable (demand-side substitution); and/or
 - 52.2 rival firms would easily, profitably and quickly (generally within one year) switch production to the products, services or locations in question without significant cost so that a SSNIP is not profitable (supply-side substitution).³⁸
53. If the hypothetical monopolist could not profitably impose a SSNIP on the focal product (or service) because of demand or supply side substitution, the boundaries of the market are expanded to include the next closest substitute. The process is repeated, and the group of products included in the market expanded, until the hypothetical monopolist supplier could profitably impose a SSNIP.
54. In general, the smallest set of products (or locations) in which the SSNIP can be profitably sustained is defined as the relevant product (or geographic) market.³⁹ The hypothetical monopolist test typically begins with the narrowest product(s) or service(s) in which the parties to a merger overlap. In the present case, the Parties overlap in the manufacture and wholesale supply of wool and SDN carpet products.
55. A market is defined in the Act as a market in New Zealand for goods or services as well as other goods or services that are substitutable for them as a matter of "fact and commercial common sense".⁴⁰ However, in many cases this may not require us to precisely define the boundaries of a market. While market definition can provide a useful framework for assessing competition, our overall assessment of the Proposed Acquisition does not depend solely on the precise delineation of market boundaries because we take into account competitive constraints from all relevant sources, whether they are ultimately found to be located inside or outside the relevant

³⁶ Or an equivalent reduction in quality.

³⁷ *Mergers and Acquisitions Guidelines* above n2 at [3.15].

³⁸ *Mergers and Acquisitions Guidelines* above n2 at [3.16].

³⁹ *Mergers and Acquisitions Guidelines* above n2 at [3.19].

⁴⁰ *Mergers and Acquisitions Guidelines* above n2 at [3.8].

market. What matters is that we consider all relevant competitive constraints, and the extent of those constraints.⁴¹

Issues relating to market definition in this case

56. There are three key market definition issues we considered in this case.
57. First, on the product dimension, we considered whether there should be separate markets for soft flooring products based on fibre type and particularly whether wool carpet should be assessed in a distinct product market compared to say SDN carpet and/or other synthetic carpet products.
 - 57.1 The Commission sought evidence from market participants on this issue but we did not obtain sufficiently robust and reliable quantitative evidence on the likely patterns of substitution by carpet retailers and/or end-customers of carpet products in response to a SSNIP in the wholesale price of wool carpets by a hypothetical monopolist.
 - 57.2 With a lack of robust evidence on consumer demand-side substitution, in this case we were not able to reach a firm conclusion on whether consumers seeking wool carpet would be likely to switch sufficient volumes of purchases to other fibre types in response to a SSNIP in wool carpet products, such that a SSNIP would be unprofitable due to switching alone.
58. Second, on the product dimension, we considered whether any hard flooring products should be included in the same market as any soft flooring product, or products, particularly given Godfrey Hirst's submission about the changing nature of demand for flooring products in New Zealand. As discussed further below, we consider it is appropriate to define a soft flooring market that excludes hard flooring products.
59. Third, we considered the distinct but interdependent functional levels of the supply chain for carpet in New Zealand, as illustrated in Figure 1 above, noting that:
 - 59.1 retailers generally seek to offer a broad range of carpet products to cater to diverse customer preferences and maximise sales. From a retailer's perspective, these products are typically viewed as complementary, while end-customers are more likely to regard them as substitutes;
 - 59.2 retailers face physical constraints in showroom space, and their choices about which products and brands to display can have important consequences for both suppliers and end-customers. Products featured in showrooms are more likely to be purchased by end-customers. We understand that retailers allocate showroom space based on a range of factors, including
[

⁴¹ *Brambles v Commerce Commission*, above n5 at [123] and [159] and *Power New Zealand Ltd v Mercury Energy Ltd* [1997] 2 NZLR 669 (CA) at 678-679.

] – reflecting the interdependence of the functional levels;⁴²

- 59.3 demand at the wholesale level (from retailers) is ultimately driven by end-customer demand downstream. As such, the preferences and substitution patterns of end-customers are considered to ensure a complete assessment of the relevant market;
- 59.4 changes in wholesale prices typically pass through to retail prices, at least to some extent, such that increases in wholesale prices are generally reflected directly in higher retail prices;⁴³ and
- 59.5 retailers generally do not hold significant stock on all products. Instead, they typically place orders with suppliers in response to orders from end-consumers.⁴⁴

Our assessment

- 60. We consider that the market relevant to the assessment of the competitive effects of the Proposed Acquisition is the national market for the manufacture or import and wholesale supply of differentiated soft flooring products.⁴⁵
- 61. While the Parties overlap in the wholesale supply of a range of wool and synthetic carpet products, as we set out above, Bremworth primarily supplies wool carpet. As such, in this case our starting point (or initial candidate market) for assessment is the supply of wool carpets. We then considered whether this candidate market should be expanded by assessing whether:
 - 61.1 customers purchasing wool carpets would switch sufficient volumes to alternative carpet products (such as SDN or polyester carpets) in response to a SSNIP, such that the price increase would be unprofitable (demand-side substitution); and
 - 61.2 suppliers of synthetic carpets (or other products) would switch sufficient production capacity towards wool carpets in response to a SSNIP, within a reasonable timeframe and without significant additional costs, such that the price increase would be unprofitable (supply-side substitution).

⁴² For example, see email from [] to Commerce Commission in response to s98 notice (9 March 2026).

⁴³ For example, see Commerce Commission interview with [] (4 June 2026) and Matthews Law – Submission on Godfrey Hirst and Bremworth SoPI (27 November 2025).

⁴⁴ For example, see Commerce Commission interview with [] (28 January 2026), Commerce Commission interview with [] (28 January 2026) and email from [] to the Commerce Commission (4 February 2026).

⁴⁵ In defining this market, we focused our consideration on the potential product dimension of the market because we have consistent feedback on the other relevant dimension of this market. For example, all wholesale suppliers of soft flooring product are able to supply all types of wholesale customers on a nationwide basis.

62. We then considered whether the boundaries of the relevant market(s) should be expanded beyond soft flooring to include one or more hard flooring products.

Demand-side substitution

63. We received mixed evidence on the extent of demand-side substitution between different types of carpets.
64. Retailers decide which suppliers to partner with, which product ranges to stock and how to allocate retail showroom and/or floor-space. In doing so, they may adjust the mix of products and fibre types they offer, including some substitution between product ranges. For example,
[]⁴⁶
65. These shifts are often driven by evolving consumer preferences over time and do not necessarily reflect demand-side substitution in response to a change in relative prices. As such, they are not directly probative of whether retailers would adjust their product mix or allocation of retail space in response to a SSNIP in wool carpets.
66. From an end-customer perspective, we understand from speaking to flooring retailers and suppliers that:
- 66.1 there is a wide range of soft flooring products available, each offering slightly different comfort and performance attributes, although there is some overlap in end-consumer preferences across fibre types;
 - 66.2 end-customers typically consider multiple factors when choosing carpets, with the key factors tending to be price, performance/durability and colour; and
 - 66.3 there are some end-customers that are only interested in wool carpet (and those that are only interested in synthetic carpets) and these customers may be less likely to switch to another fibre type in response to changes in relative prices.⁴⁷
67. Chapman Tripp (on behalf of Godfrey Hirst) provided survey evidence that found that:⁴⁸
- 67.1 within the set of customers that recently purchased wool carpet, 0% reported that they would be likely to switch to a different carpet fibre type in response to a 10% increase in the price of wool carpet; and

⁴⁶ See page 4 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

⁴⁷ SoUI at [50].

⁴⁸ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI, Appendix C, p 92.

- 67.2 however, a significant proportion of survey respondents considered synthetic and wool-blend carpet products to be somewhat substitutable for wool carpet (because some customers with an initial preference for wool carpet products ultimately purchased a different fibre type after considering the available options).
68. The Commission has not put weight on this mixed survey evidence in reaching a conclusion on the extent of demand-side substitution in response to a SSNIP in wool carpets due to concerns about the reliability of this evidence, including significant concerns regarding sampling method, the manner in which survey questions have been posed, the potential for bias or cognitive dissonance associated with recent carpet purchasers, and some unusual characteristics of the survey respondent group that do not appear to align with commercial realities of the New Zealand market.
69. Suppliers expressed a range of views about the substitutability of various synthetic and wool carpet products, and the extent of demand response in one fibre type following a relative price change in the other. For example:
- 69.1 [] noted that since synthetic carpets are lower priced, have improved quality and performance, and are softer and more environmentally friendly, consumers have been more likely to consider a premium synthetic carpet as an alternative to an entry-level wool carpet;⁴⁹ and
- 69.2 [] similarly stated that all carpet competes in the same market, whether it be synthetic or wool, and it comes down to customer preference.⁵⁰
70. However, neither [] nor [] considered that there would be a change in the demand for synthetic carpet in response to a 5% increase in the price of wool carpets.⁵¹ Other suppliers, such as [] and [], expressed the view that the degree of substitution between synthetic and wool carpet products is likely to be more limited.
71. In Decision 587, the Commission observed that, in differentiated product markets, the product offerings of suppliers vary to some degree. Buyers make their purchase decisions on the basis of product characteristics as well as price.⁵² Evidence from this investigation is consistent with the conclusion reached in Decision 587 – that is:

⁴⁹ Email from [] to the Commerce Commission (8 June 2026).

⁵⁰ Email from [] to the Commerce Commission (9 June 2026).

⁵¹ Email from [] to the Commerce Commission (8 June 2026) and email from [] to the Commerce Commission (9 June 2026).

⁵² Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006) at [47].

- 71.1 wool carpets and synthetic carpets have slightly different comfort and wear characteristics that can make them suitable for particular applications;⁵³ and
 - 71.2 in other circumstances, a consumer will choose a carpet product on appearance, colour or other qualities. There is no single overriding consideration that is common to a consumers' choice and typically the consumer will weigh all factors in forming a view on what is most suited to their needs and budget.⁵⁴
72. We have not found it necessary to conclude on the extent to which demand-side substitution (in isolation) would be sufficient to defeat a SSNIP in wool carpet products. Rather, in this case we consider that a combination of customer switching from wool carpet products, in combination with supply-side substitution (as described below) would combine to make a SSNIP unprofitable, and therefore that it is appropriate to define a single differentiated product market for all types of carpet.

Supply-side substitution

73. As with the demand side, we received mixed evidence on the extent of supply side substitution between different types of carpets.
74. When producers that are currently supplying one product have the skills and assets to switch production to another product profitably and in a short period of time without significant additional investment and at sufficient scale in response to a price rise, these producers may be able to defeat a SSNIP by a hypothetical monopolist.
75. In the present context, consideration of supply-side substitution involves asking the question: would wholesalers of synthetic carpet in New Zealand switch quickly, profitably and easily to the manufacture/import and wholesale supply of wool carpet to defeat a SSNIP of wool carpet (and vice versa)? To answer that question, we consider factors such as:⁵⁵
- 75.1 the costs and time involved in switching production from synthetic carpet to wool carpet (and vice versa);
 - 75.2 the production processes involved and the extent to which potential suppliers have spare production capacity to switch from synthetic carpet to wool carpet (and vice versa); and

⁵³ For example, see Anonymous B – Submission on Godfrey Hirst and Bremworth SoPI (12 November 2025) and Commerce Commission interview with [] (28 January 2026).

⁵⁴ For example, see Matthews Law – Submission on Godfrey Hirst and Bremworth SoPI (27 November 2025) and Commerce Commission interview with [] (4 June 2026).

⁵⁵ *Mergers and Acquisitions Guidelines* above n2 at [3.27]. Also see Motta, Massimo (2004), *Competition Policy: Theory and Practice*, Cambridge University Press. Switching production must be easy, rapid and feasible. The producer of another good must already have the skills and assets required to produce the product under consideration, it should not incur considerable sunk costs, and any barriers to entry must be surmountable in a rapid and relatively cheap way (see p. 104).

- 75.3 the degree to which any suppliers have switched production from synthetic carpet to wool (and vice versa) in the past.
76. From a supplier perspective, we consider there are some supply-side factors that suggest that it is appropriate to define a differentiated product market for soft flooring products. For example:
- 76.1 the manufacturing equipment for making wool carpet and synthetic carpet is very similar, with existing manufacturers generally using the same equipment for tufting and backing both synthetic and wool carpets. We understand that each of Bremworth, Godfrey Hirst, Victoria Carpets and Carpet Mill have the production capability to make both wool and synthetic carpets and all of them do make both types of carpet;⁵⁶
- 76.2 while there are costs involved in developing and marketing a new carpet products, once developed there appear to be no obvious marketing costs to be incurred in switching between the production of wool and synthetic carpet to best meet consumer/retailer demand. To this extent, there has been some recent new entry into wholesale wool carpet supply by Jacobsen and Robert Malcolm;
- 76.3 we understand that there are relatively low costs in switching production between wool and synthetic carpet, and some carpet wholesalers have indicated that they can flex their supply in response to changes in consumer/retailer demand;⁵⁷ and
- 76.4 because many existing carpet suppliers in New Zealand are importers that currently supply a range of synthetic and wool carpet products, any issues with their ability to expand at sufficient scale into supplying more wool (or synthetic) carpet in response to a price increase could be considered as part of the Commission's competition assessment.⁵⁸
77. However, no industry participant was able to provide us evidence of suppliers switching from manufacturing synthetic carpet to manufacturing and/or distributing wool carpet at scale in response to relative price changes in the short term. Nevertheless, we do have evidence of some wholesalers decreasing the share of synthetic carpet and increasing the share of wool carpet offerings over the last four years (by sales revenue).⁵⁹

⁵⁶ We also understand that Jacobsen and Robert Malcolm, who are wholesale distributors without manufacturing capability in-house, have each recently entered the wholesale supply of wool carpets in New Zealand.

⁵⁷ For example, see email from [] to the Commerce Commission (8 June 2026).

⁵⁸ Some of these importers have their own manufacturing facilities while others are distributors supplying carpet made by third party contractors.

⁵⁹ For example, see response to request for information from [] (received 27 November 2025) and response to request for information from [] (received 10 December 2025)

78. Based on the evidence available, the Commission concluded that it is appropriate to define a single differentiated market for soft flooring products.
79. Because of the differentiated nature of soft flooring products, in reaching our decision we took account of potential differences in constraints across the various products (such as by fibre type) within the market in our competition assessment.

Hard flooring

80. We next considered whether, in response to a SSNIP of soft flooring products, sufficient substitution to (one or more) hard flooring products would occur so as to make a SSNIP unprofitable, and so, whether the relevant market should expand further to include one or more hard flooring products.
81. We received consistent feedback throughout our assessment that hard flooring products are more complementary products rather than substitutes for soft flooring products, as many end-consumers use a mix of both soft flooring and hard flooring products to achieve desired aesthetics and functionality.⁶⁰ Further, from a supply-side perspective, the manufacturing processes for soft flooring products and for hard flooring products are very different.
82. As such, we have not included any hard flooring products in our relevant market.

With and without scenarios

83. Assessing whether a substantial lessening of competition is likely requires us to:
- 83.1 compare the likely state of competition if the Proposed Acquisition proceeds (the scenario with the acquisition, often referred to as the factual) with the likely state of competition if it does not (the scenario without the acquisition, often referred to as the counterfactual); and
- 83.2 determine whether competition is likely to be substantially lessened by comparing those scenarios.

With the acquisition scenario

84. With the Proposed Acquisition, Mohawk would acquire all of the carpet assets and branding relating to Bremworth, removing Bremworth as an independent competitor to Godfrey Hirst in the supply of carpet. In this scenario:

[] .

⁶⁰ For example, [] notes that they do not regard hard flooring as a substitute for wool carpets. Email from [] to Commerce Commission (10 June 2026); and [] said that they do not consider the prices of hard flooring or data in relation to retail sales of hard flooring when setting wholesale prices or making supply decisions for carpet products. Email from [] to Commerce Commission (9 June 2026).

- 84.1 the Proposed Acquisition would remove any existing and potential competition between Godfrey Hirst and Bremworth;
- 84.2 the merged entity would be the largest domestic manufacturer of carpet; and
- 84.3 the merged entity would be a key supplier of carpet to many flooring retailers across New Zealand. To this end, we are not aware of any flooring retailers that do not supply either or both of Godfrey Hirst's and Bremworth's products.

Without the acquisition

- 85. We consider it is appropriate to assess the impact of the Proposed Acquisition against a counterfactual scenario where Bremworth operates as a going concern independently of Godfrey Hirst (either under its current structure or under new ownership).
- 86. For the purposes of our determination, we do not consider there is any significant difference in the two counterfactual scenarios we have identified, as the competitive constraint from Bremworth in the counterfactual under its current ownership structure would likely be similar to that under any new ownership structure.

Our view on the counterfactual

- 87. The Attachment summarises the main submissions we received on what would likely happen in the counterfactual scenario. After reviewing these submissions and other relevant information, we consider there is a real chance that, absent the Proposed Acquisition, Bremworth would operate as a going concern and compete with Godfrey Hirst.
- 88. In this case, both Godfrey Hirst and Bremworth consider that the carpet industry is undergoing significant changes and domestic carpet manufacturers are facing increasing competition from importers of carpet.
- 89. It is widely known that Bremworth is facing challenges. For example, in February this year, Bremworth released its half year results, which noted the following:⁶¹

Trading conditions have remained challenging and the improvement in sales performance the Board had anticipated has not come through, resulting in continued losses and cash flows during the half ...

Sales of premium wool and synthetic carpet fell short of expectation. This is primarily because of the ongoing subdued demand for consumer durables like carpet both in the New Zealand and Australian markets and delays in the reinstatement of the Napier plant and the reintroduction of synthetic carpets into our product mix ...

⁶¹ Bremworth 'Half Year Review to 31 December 2025 – Directors Commentary' (25 February 2026) Pages 1-2.

{the Proposed Acquisition} is the best option for shareholders to realise value from their investment in Bremworth. If the {Proposed Acquisition} does not proceed it is likely that the deterioration in Bremworth's cash position will continue.

90. In this case, Bremworth submitted the Commission should assess the impact of the Proposed Acquisition against an economically and commercially rational counterfactual,⁶² with the Bremworth Board considering that the Proposed Acquisition represents the best available outcome to provide value to Bremworth shareholders.⁶³

90.1 [

64

90.2

⁶⁵]

91. The Commission recognises that the board of a company will have duties, objectives and preferences that influence a merger or acquisition process. In particular, a board is required to act in the best interests of the company, and the price a purchaser is willing to pay is clearly a relevant factor to satisfaction of this duty. However, it is not the Commission's role to determine the most efficient ownership structure for a business or an industry affected by a merger or acquisition, nor is it to assist a company in obtaining the highest return from a sales process.
92. Rather, as an administrative decision-maker under section 66 of the Act, the Commission's task is to assess the likely competitive effects of an acquisition in accordance with the statutory test. Under this test, the Commission must grant clearance to an acquisition if it is satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand. If it cannot be satisfied, it must decline to grant clearance. The Commission's assessment in this matter – and all merger clearance matters – is directed to that statutory question.
93. Further, in assessing the without the acquisition scenario, we are required to assess the possible scenarios that might arise and discard those that are unlikely (or not a

⁶² Bremworth - Submission on Godfrey Hirst and Bremworth SoUI (8 May 2026) at [1.2].

⁶³ Bremworth 'NZX Scheme of arrangement update' (7 May 2026) and Bremworth 'NZX Scheme of arrangement update' (28 May 2026).

⁶⁴ []

⁶⁵ []

real chance).⁶⁶ As something can be likely even when the chance of it occurring is less than 50%, there may be multiple scenarios that are likely without the Proposed Acquisition.⁶⁷

94. On the evidence before the Commission, we cannot rule out the real chance that Bremworth would, absent the Proposed Acquisition, continue to operate as a going concern under its current structure for the foreseeable future. For example:

- 94.1 in February this year, Bremworth publicly stated that it does not expect to lose its going concern status in the foreseeable future;⁶⁸ and

The Board is fully committed to the {Proposed Acquisition} while also maintaining its commitment to the future of the existing carpet business, with a number of decisions taken in the latter part of the financial year to better position the company's market position and prospects ...

Although there are uncertainties relating to these forecasts {about its financial performance}, these uncertainties are not significant enough to lead to a material uncertainty relation to the going concern for the foreseeable future given the cost position from the insurance settlement. The Board expect that sufficient funds are available to fund the Group's operation if the {Proposed Acquisition} does not proceed to implementation.

- 94.2 more recently, Bremworth stated it is continuing to operate on a business-as-usual basis in response to speculation about its strategic options in the event that the Commission was to decline the Proposed Acquisition.⁶⁹

In the event that the {Commission} does not provide clearance, the Board of Bremworth would assess all of the strategic options available to Bremworth, and would seek shareholder support for whatever alternative it determined, at that time, delivers the greatest long-term value for Bremworth shareholders.

For now, Bremworth continues to operate on a business-as-usual basis and is focused on executing the initiatives implemented by the Board over the last 12-18 months with the aim of achieving profitable growth and positive cash flows.

95. In addition, we cannot rule out the real chance that Bremworth, absent the Proposed Acquisition, would be acquired by a purchaser other than Godfrey Hirst and that this new owner would also operate Bremworth as a going concern.
96. For example, as part of its strategic review, Bremworth engaged with a number of potential parties in New Zealand and overseas before entering into the Proposed Acquisition. As part of its assessment, the Commission received information from Bremworth and from some of these potential purchasers about what would likely happen with Bremworth if the Proposed Acquisition did not go ahead.

⁶⁶ *Mergers and Acquisitions Guidelines* above n2 at [2.35- 2.36].

⁶⁷ *Mergers and Acquisitions Guidelines* above n2 at [2.30].

⁶⁸ Bremworth 'Half Year Review to 31 December 2025 (25 February 2026)' at 14.

⁶⁹ Bremworth 'Scheme of arrangement update' (28 May 2026).

97. While much of the information we received is commercially sensitive, key extracts from this information are included in the Attachment.
98. Accordingly, on the evidence before the Commission, we cannot exclude as a real chance two counterfactual scenarios, namely:
- 98.1 Bremworth operating as a going concern under its current ownership structure; and
 - 98.2 Bremworth being acquired by a purchaser other than Godfrey Hirst and that new owner operating Bremworth as a going concern.
99. As a practical matter, we usually focus our analysis on the likely without-the-merger scenario we consider the most competitive. Doing so means our analysis is based on a worst-case scenario, in the sense that it is the scenario that would give rise to the greatest competition concerns. We do this because if the merger is unlikely to substantially lessen competition compared to this worst-case scenario, then it is unlikely to substantially lessen competition when compared to any other likely scenario.⁷⁰
100. Where we consider that the sale to a credible competing buyer is a likely scenario without the merger, we will usually consider the state of competition to be the status quo, unless there is reason to consider that some different state of competition is likely given a new owner of the relevant assets or shares.⁷¹
101. On the evidence before the Commission, we have no reason to consider that any new owner of Bremworth (other than Godfrey Hirst) would provide a significantly different state of competition than Bremworth would under its current ownership. The most relevant consideration for the Commission is that Bremworth would operate independently of Godfrey Hirst in any likely counterfactual scenario.

Competition assessment - unilateral effects in the soft flooring market

102. Unilateral effects arise when a firm merges with a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that the merged firm can reduce quality or increase prices above the level in the counterfactual without the profitability of that increase being thwarted by rival firms' competitive responses.⁷²
103. We considered whether the Proposed Acquisition would result in unilateral effects in the soft flooring market by assessing:
- 103.1 closeness of competition: the degree of constraint that Godfrey Hirst and Bremworth would impose upon one another if the Proposed Acquisition does not go ahead;

⁷⁰ *Mergers and Acquisitions Guidelines* above n2 at [2.33].

⁷¹ *Mergers and Acquisitions Guidelines* above n2 at [2.40].

⁷² *Mergers and Acquisitions Guidelines* above n2 at [3.62].

- 103.2 remaining competitive constraints: the degree of constraint that existing competitors would impose on the merged entity;
 - 103.3 entry and expansion: how easily rival carpet manufacturers and/or carpet imports could enter and/or expand; and
 - 103.4 countervailing power: including whether wholesale customers, namely carpet retailers, have special characteristics that would enable them to resist a price increase by the merged entity.
104. The ultimate question that we consider is whether the Proposed Acquisition would allow the merged entity to profitably raise the prices of soft flooring products or reduce the quality of the soft flooring products it provides.
105. In this case, the loss of competition from the Proposed Acquisition would be strongest in relation to the supply of wool carpets, which is where the Parties are the largest current suppliers.
106. A lessening of competition does not need to be felt equally across an entire market for that lessening to be substantial.⁷³ It is sufficient if there is an appropriate degree of a lessening of competition in a significant section of a market for there to be a substantial lessening of competition in the broader market.⁷⁴
107. While a lessening of competition does not need to be felt equally across an entire market for that lessening to be substantial, a crucial part of the Commission's assessment is to assess the degree to which competition would be lessened in the context of the whole market – in this case a soft flooring market that includes both wool and synthetic carpet.⁷⁵
108. After considering all of the information before the Commission, we are satisfied that the Proposed Acquisition would not have, or would not be likely to have, the effect of substantially lessening competition in the soft flooring market due to unilateral effects.
- 108.1 For customers, and retailers, requiring synthetic carpet, which now makes up the predominant share of soft flooring products in New Zealand, there would

⁷³ *Mergers and Acquisitions Guidelines* above n2 at [2.25]. See also *Port Nelson Ltd v Commerce Commission* (CA) (1996) 7 TCLR 217, 235; "Taken more broadly, however, it cannot be the case that competition in a market is not substantially lessened unless competition across the whole of the market is lessened."; *Commerce Commission v Port Nelson Ltd* (HC) (1995) 6 TCLR 406, 436: "It is possible, however, as a matter of law, to do so by showing (s 27) an appropriate degree of lessening of competition in a "significant section" of that market".

⁷⁴ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888; "Although the words 'substantially lessened in a market' refer generally to a market, it is the degree to which competition has been lessened which is critical, not the proportion of that lessening to the whole of the competition which exists in the total market. Thus a lessening in a significant section of the market, if a substantial lessening of otherwise active competition may, according to circumstances, be a substantial lessening of competition in a market."

⁷⁵ *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888.

be several alternative suppliers to the merged entity with the ability to expand.

108.2 For customers, and retailers, requiring wool carpet, there would also be alternative suppliers to the merged entity with the ability to expand. In addition, it is likely that some wool carpet customers would switch to acquiring synthetic carpet in response to a price increase or quality reduction by the merged entity in regard to its wool carpet. While the merged entity would be largest supplier of wool carpet, we consider that the prevalence of alternative carpet suppliers also means that it is unlikely that the merged entity would be in a position to leverage its position in the supply of wool carpet into the soft flooring market more broadly.

108.3 Further, large retail customers would have some degree of countervailing power through an ability and incentive to support the entry and/or expansion of competitors to the merged entity in response to a unilateral price increase.

109. We summarise the reasons for this assessment in the sections below.

Closeness of competition between the Parties in the soft flooring market

110. We consider that Godfrey Hirst and Bremworth are close competitors, particularly for the supply of wool carpet in New Zealand.

111. The Attachment summarises the main submissions we received on the closeness of competition between the Parties in the soft flooring market. While the Parties submitted arguments that they compete more closely with some other suppliers, most of the feedback we received was that the Parties generally compete closely with one another and would continue to do so absent the Proposed Acquisition. In summary and as discussed further below:

111.1 Godfrey Hirst and Bremworth are prominent suppliers of carpet in Zealand, have been the two largest domestic manufacturers of carpet in New Zealand for a long period of time⁷⁶ and each has established supply relationships with flooring retailer groups and many independent retailers across the country;

111.2 in our view, their domestic manufacturing presence and supply relationships strongly indicate that they generally compete closely with one another although the actual level of competition between the two has varied over the years (likely at least in part explained by some of Bremworth's commercial decisions and external circumstances it has faced, which, as discussed below, Bremworth has been addressing); and

⁷⁶ Godfrey Hirst and Bremworth (formerly known as Cavalier Carpets and Cavalier Bremworth) have both been manufacturing carpet in New Zealand for over 50 years. The scale of each company has grown over time, including due to Godfrey Hirst's 2006 purchase of Feltex Carpets Limited and Bremworth's 2007 purchase of Norman Ellison Holdings Limited. As discussed elsewhere, Carpet Mill is an alternative domestic manufacturer of carpet in New Zealand but it is of smaller scale than the Parties.

- 111.3 the current competition between Godfrey Hirst and Bremworth is primarily in relation to wool carpet as Bremworth is more prominent in wool carpet supply and has only recently reintroduced a limited range of synthetic (SDN) carpet products.

Godfrey Hirst and Bremworth are two prominent suppliers of carpet in New Zealand

112. Godfrey Hirst and Bremworth are both prominent suppliers of carpet in New Zealand and have been the two largest domestic manufacturers of carpet for some time. Given this long-standing manufacturing presence in New Zealand, we received consistent feedback from industry participants that:
- 112.1 both Godfrey Hirst and Bremworth have strong brand recognition among flooring retailers and end-consumers;⁷⁷ and
- 112.2 both Godfrey Hirst and/or Bremworth account for a large proportion of sales made through flooring retailers.⁷⁸
113. Table 1 above includes our market share estimates for FY25. These estimates show that:
- 113.1 Godfrey Hirst and Bremworth are each large suppliers of carpet in New Zealand, with their individual sales volumes each exceeding \$[] million; and
- 113.2 the Parties have a combined FY25 market share in the soft flooring market of approximately []% ([]% Mohawk/Godfrey Hirst and []% Bremworth).
114. Further, as the soft flooring market is a differentiated product market, there is a wide range of carpet products available to purchase at different price and quality points. However, as indicated by Table 3 below, the broadloom carpet product ranges of Godfrey Hirst and Bremworth are currently broader than the ranges of most other suppliers of carpet. This is particularly the case for Godfrey Hirst, who has a significantly broader range of carpet than all other suppliers (including Bremworth). Bremworth, on the other hand, has a larger range than many, but not all, other suppliers (largely concentrated in wool carpet products).

⁷⁷ For example, see Commerce Commission interview with [] (11 November 2025), Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (14 November 2025) and Commerce Commission interview with [] (2 December 2025).

⁷⁸ For example, see Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (28 November 2025) and Commerce Commission interview with [] (11 November 2025).

Table 3: Approximate number of broadloom products by supplier

Supplier	Synthetic broadloom	Wool broadloom	Total broadloom
Godfrey Hirst	[		
Mohawk			
Bremworth			
Merged entity			
Carpet Mill			
Victoria Carpets			
Wools of NZ			
Belgotex			
Robert Malcolm			
Jacobsen			
Urban Flooring			
Euroflor			
Sub total alternative suppliers listed above			]

Source: Feedback from the industry participants and websites.⁷⁹

115. While total sales, market shares and product range do not necessarily establish closeness of competition between Godfrey Hirst and Bremworth, the other information we have received, including internal documents from the Parties and feedback from industry participants, indicates that Godfrey Hirst and Bremworth are close competitors.

Internal documents from the Parties

116. Over the course of our assessment of the Proposed Acquisition, we received various internal documents from the Parties about the extent to which they currently compete with one another. We are of the view that many of these internal documents indicate that the Parties currently compete closely with one another.
117. For example, internal documents from the Parties indicate to us that they consider there are some commercial advantages to domestic production when competing with carpet imports, particularly with respect to wool carpet supply.⁸⁰ Further, other

⁷⁹ All numbers are approximate and included for illustrative purposes only. These numbers indicate separate product lines, and we have not separately counted all colours within each product line. As a result, all suppliers' numbers would be higher if we separately counted all colours within a product line, as most suppliers offer the same product line in a selection of colours. Some of the figures have been estimated from our review of the relevant supplier's website and some of the figures have been provided directly to us by the relevant supplier. The number of product ranges on offer can also vary over time as new ranges are deleted and added. Other than websites, sources include responses to requests for information from:

[

]

⁸⁰ See [] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025) and

internal documents indicate to us that the Parties closely monitor the pricing, ranging and marketing decisions of each other.⁸¹

117.1 Godfrey Hirst's internal documents note

[]⁸² []⁸³].⁸⁴

117.2 Bremworth's internal documents show

[]⁸⁵

Feedback from industry participants

118. Over the course of our assessment, we received feedback from almost all industry participants, other than the Parties, that Godfrey Hirst and Bremworth are close competitors, with many industry participants advising us that Bremworth is currently providing a material competitive constraint on Godfrey Hirst.⁸⁶

[]:

]

⁸¹ This view is formed from our review of the internal documents provided in response to our request for information on 24 December 2025. See for example [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026). []

⁸² See [] provided with response to request for information from Chapman Tripp (on behalf of Godfrey Hirst) to Commerce Commission (5 and 17 February 2026).

⁸³ See Mohawk's [] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

⁸⁴ See Mohawk's [] attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (24 October 2025).

⁸⁵ For example, see [], [], [], [], [] provided by Russell McVeagh (on behalf of Bremworth) to the Commerce Commission (31 October 2025).

⁸⁶ For example, see: Commerce Commission interview with [] (14 November 2025), Commerce Commission interview with [] (28 January 2026), Commerce Commission interview with [] (7 November 2025), Commerce Commission interview with [] (23 February 2026), Commerce Commission interview with [] (29 January 2026), Commerce Commission interview with [] (28 January 2026), Commerce Commission interview with [] (4 June 2026), Commerce Commission interview with [] (14 November 2025); submissions on SoPI from Cowes Bay Group (11 November 2025), Anonymous A (9 November 2025), Anonymous C (18 November 2025), Anonymous D (25 November 2025), Matthews Law (27 November 2025); submissions on Sol from Cowes Bay Group (19 February 2026), Anonymous D (26 January 2026), Anonymous E (30 January 2026); and submissions on SoUI from Anonymous F (16 April 2026), Anonymous G (29 April 2026); as well as page 5

119. In this respect, industry participants advised us that Godfrey Hirst and Bremworth are both important suppliers for retailers to stock given their key products and brand, high proportion of total purchase volumes they make up, their brand awareness amongst end-consumers and the breadth of range that each company offers.⁸⁷ We did not receive this type of feedback about any individual carpet importer and we are not aware of any flooring retailers that do not supply either or both of Godfrey Hirst's and Bremworth's products.
120. We received some feedback that Bremworth is not as strong a competitor as it used to be and, as noted elsewhere, it is currently facing some challenges,⁸⁸ which have been widely reported.⁸⁹
121. However, based on the evidence we have seen, we do not consider that Bremworth's recent challenges mean that Godfrey Hirst and Bremworth are not close competitors and that an independent Bremworth would not provide a competitive constraint on Godfrey Hirst in the soft flooring market, absent the Proposed Acquisition.
122. Some industry participants consider the Bremworth's current challenges stem from its decision to no longer supply synthetic carpet and focus on a 'wool only' strategy. Bremworth's wool only strategy meant that it no longer supplied the range of carpet products across the soft flooring market that many flooring retailers desire from suppliers. As noted elsewhere, we consider product range is an important element of competition in the soft flooring market.
123. However, Bremworth has now re-introduced four ranges of SDN carpet. Bremworth states that its re-entry into SDN carpet provides it "greater relevance to our retail partners and ultimately our consumers as we have a wider range of consumer-relevant products to offer in our range" and that this re-entry has "changed the conversation with customers and re-established our relevance in the market."⁹⁰ This feedback from Bremworth is also consistent with the feedback that the Commission received from industry participants,⁹¹ although we also understand that Bremworth's sales of SDN carpet (at the time of our decision) have been []

of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026) and pages 1 and 2 of response attached to email from [] to the Commerce Commission (4 February 2026).

⁸⁷ Email from [] to the Commerce Commission (4 February 2026), letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026), Commerce Commission interview with [] (11 November 2025) and Anonymous G – Submission on Godfrey Hirst and Bremworth SoUI (29 April 2026).

⁸⁸ Commerce Commission interview with [] (7 November 2025) and [] (5 November 2025).

⁸⁹ 'Year of survival and reset for Bremworth', *Farmers Weekly* (8 October 2025).

⁹⁰ Bremworth 'Annual meeting speeches' (12 November 2025).

⁹¹ For example, see Commerce Commission interview with [] (14 November 2025) and Anonymous D submission on Sol (26 January 2026) at [1].

and so, at least at this stage, its re-entry into synthetic (SDN) carpet supply does not appear to have been competitively significant.⁹²

124. Another issue that Bremworth had to face was the closure of its Napier yarn plant due to Cyclone Gabrielle. However, this plant has now been reinstated with production quality now meeting its requirements. Bremworth considers the reinstatement of its yarn plant will increase its output reducing lead times and improving quality.⁹³ The related insurance issues have also been settled.⁹⁴

Conclusion on closeness of competition

125. As discussed previously in this determination, the soft flooring market is differentiated and there is a wide range of soft flooring products available to purchase at different price points, colour, fibre type, performance, quality and weight.
126. Synthetic carpet accounts for the majority of the soft flooring market and, at present, Godfrey Hirst and Bremworth are not particularly close competitors in the supply of synthetic carpet because:
- 126.1 Bremworth has only just reintroduced ranges of SDN carpet and so does not currently have a meaningful presence in the supply of synthetic carpet; and
- 126.2 the Parties face a range of strong competitors and import constraints who have been increasing their presence in synthetic carpet – at the expense of the Parties – over time.
127. Nevertheless, all industry participants, other than the Parties, consider that Godfrey Hirst and Bremworth are close competitors in the soft flooring market and we consider this close competition is most clearly seen in how they compete in the supply of wool carpets.
- 127.1 The supply of wool carpets has been the area of focus for Bremworth in recent years, and it is the part of the soft flooring market where the Parties have the highest combined market share.
- 127.2 Although their combined share has been reducing slightly over time and the share of imports has increased slightly, the Parties remain the two largest suppliers of wool carpet in New Zealand with a combined market share of consistently greater than []% (higher if we include only the competitors that we have identified as key wool carpet suppliers in New Zealand and not all Stats NZ import data).

⁹² Email from Russell McVeagh (on behalf of Bremworth) to the Commerce Commission (10 June 2026).

⁹³ Bremworth 'Annual meeting speeches' (12 November 2025).

⁹⁴ Bremworth 'Cyclone Gabrielle insurance settlement' (4 February 2025).

Constraint from existing competitors in the soft flooring market

128. We consider that the merged entity would face constraint from existing competitors in the soft flooring market, although this constraint is likely to vary in strength across the spectrum of differentiated products. In particular:
- 128.1 the merged entity would likely face the strongest competitive constraint from importers of synthetic carpets (including carpet tiles which tend to be made with synthetic fibres); and
 - 128.2 the competitive constraint from importers of broadloom wool carpets (where the Parties compete most closely and imported product currently comprises a much smaller share of market) would likely be weaker.
129. The Attachment summarises the main submissions we received on the constraint from existing competitors in the soft flooring market. In assessing these submissions and the degree of constraint the merged entity would likely face from its existing competitors in the soft flooring market, we had regard to two main types of suppliers:
- 129.1 competing domestic carpet manufacturers (Carpet Mill); and
 - 129.2 competing wholesalers, who are mostly importers of carpet.
130. In making its decision the Commission has also had regard to dynamics of the carpet industry and the substitutability of different carpet types. This was a key consideration in determining the overall constraint the merged entity would likely face from its competitors in the soft flooring market. As discussed further below, while the loss of competition from the Proposed Acquisition would be felt primarily in the wholesale supply of wool carpets, in addition to the potential for customers to switch to alternative wool carpet suppliers, at least some customers would be likely to switch to synthetic carpets in response to a price increase or quality reduction.

Constraint from Carpet Mill

131. The only other domestic manufacturer of carpet in New Zealand is Carpet Mill. We consider Carpet Mill would provide a degree of competitive constraint on the merged entity but that this would not be a material constraint in isolation. The key reasons for this are that Carpet Mill:
- 131.1 is (and has consistently been) smaller in scale than the Parties;
 - 131.2 has a more limited product range, predominantly supplying a select number of synthetic carpets made from SDN. Carpet Mill

[];⁹⁵
and

131.3 has a different business model to the Parties in that it primarily supplies its products direct to consumers (rather than through retailers), and so may not compete closely with the Parties in relation to customers that have already decided to purchase carpet through a carpet retailer, at the point of sale.

Constraint from importers of carpet

132. All other carpets supplied in New Zealand are imported carpets. As set out in Table 1 above, these importers include but are not limited to Belgotex, Jacobsen, Robert Malcolm, Victoria Carpets and Wools of New Zealand. The imported carpets cover a wide range of price points, quality levels, colours and fibre types, although we understand that most of the imported carpet in New Zealand is made with synthetic fibres. The direct constraint that imports provide on the Parties likely differs according to how closely the imported carpets match the attributes of the Parties' carpets.

133. As a result, much of the feedback we received indicated that across the price/quality spectrum in the soft flooring market, the merged entity would broadly face the strongest competitive constraint from importers of synthetic carpets⁹⁶ (which in the last five years has comprised approximately 70-80% of the soft flooring market), and less of a competitive constraint from importers of broadloom wool carpets (which is where the Parties compete most closely). For example, using shares of supply as a general proxy for constraint:

133.1 in the supply of synthetic carpet only, the Parties' combined share of supply is lower than in the supply of wool carpet, and has been reducing over time as imports have been increasing. Between FY21-FY25, the Parties' combined market share has dropped from []% to []% (although most of this is Godfrey Hirst given Bremworth only recently reintroduced a limited offering of SDN carpets). The largest importer of synthetic carpet in New Zealand has consistently been [], followed by []; and

133.2 in the supply of wool carpet only, the Parties have a much larger share of supply, although their combined share has been reducing slightly over time and the share of imports has increased slightly. Nevertheless, the Parties remain the two largest suppliers of wool carpet in New Zealand with a combined share of consistently greater than []% of all wool carpet (higher if we include only the competitors that we have identified as key wool carpet suppliers in New Zealand and not all Stats NZ import data).

⁹⁵ For example, see
[]

⁹⁶ Including carpet tiles which tend to be made with synthetic fibres.

134. This market share analysis aligned with the feedback we received from industry participants that the Parties are the two key suppliers of wool carpet in New Zealand and that other wool carpet suppliers are much smaller.
135. However, looking across the soft flooring market as a whole, the Parties' combined share of supply has been reducing over time, and the share of imports has been increasing. For example, between FY21-FY25, the Parties' combined market share in the supply of carpets fell from []% to []%. The largest overall importer of carpet in New Zealand has consistently been [] (with sales similar to Bremworth), followed by [].
136. Some industry participants told us that importers may not provide the same competitive constraint as a domestic manufacturer (such as Bremworth) because of the potential for some complicating logistics for importers such as extra costs (eg, international freight and exchange rate volatility), longer lead times, and fewer warranties/after sales service capability.⁹⁷ We also acknowledge that:
- 136.1 not all retailers view imported product as being of comparable price/quality to domestically produced product (particularly with respect to wool carpets);
- 136.2 Godfrey Hirst and/or Bremworth are key suppliers for many retailers and for many are seen as important brands to stock;⁹⁸
- 136.3 some importers report having experienced difficulties gaining retailer support and/or shelf space;⁹⁹ and
- 136.4 no individual importer has the range and breadth of offering that Godfrey Hirst and Bremworth have (particularly with respect to wool carpets).¹⁰⁰
137. However, in light of the evidence of importers' overall share of carpet supply materially increasing over time, the Commission considers that importers are a real and viable competitive constraint/alternative and have been able to overcome the challenges that may be involved with importing carpet. In addition, we received evidence that Godfrey Hirst's [],¹⁰¹ implying at

⁹⁷ For example, see Commerce Commission interview with [] (29 January 2026), and submission on Sol from Anonymous D (26 January 2026).

⁹⁸ For example, see email from [] to the Commerce Commission (4 February 2026) and page 11 of letter attached to email from [] to Commerce Commission in response to s98 notice (9 March 2026).

⁹⁹ For example, see Commerce Commission interview with [] (14 November 2025), emails from [] to the Commerce Commission (10 June 2026 and 16 June 2026), and email from [] to the Commerce Commission (5 June 2026).

¹⁰⁰ For example, see Commerce Commission interview with [] (29 January 2026), Commerce Commission interview with [] (28 January 2026), Commerce Commission interview with [] (28 January 2026) and page 9 of response attached to email [] (4 February 2026).

¹⁰¹ Spreadsheet titled "Response to Commerce Commission's RFI" attached to email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (10 December 2025).

least a degree of constraint on its wool carpet supply from imports and/or synthetic carpet supply.

Conclusion on the constraint from existing competitors in the soft flooring market

138. Overall, we consider that the merged entity would face constraint in the soft flooring market from other suppliers of carpet. While the exact degree of constraint from competitors at different parts of the soft flooring market is likely to differ (ie, be strongest in relation to synthetic carpet and weakest in relation to wool carpet), a key consideration in determining the overall constraint the merged entity would likely face from existing competitors in the soft flooring market is the substitutability of different carpet types. With different carpet types offering slightly different attributes, we understand that some end-customers typically consider multiple attributes when choosing carpets while others may only be interested in a wool or a synthetic carpet.
139. As previously noted, on the evidence available to us, we have not been able to conclude on the exact portion of customers that would be likely to switch to acquiring synthetic carpet instead of wool carpet if prices rose or quality reduced. However, we consider that there is likely to be at least a subset of customers that would switch away from buying wool carpet to buying a synthetic carpet if the relative price of each was to change.
140. We also recognise that the prevalence of wool carpet in New Zealand has declined over time. Synthetic carpet has grown in popularity and now accounts for the predominant share of soft flooring products sold in New Zealand. The majority of synthetic carpet is supplied by competitors who import the product into New Zealand. Most of these competitors also currently supply (or have the ability to supply) wool carpets.

Entry and expansion in the soft flooring market

141. We consider that the merged entity would face constraint from the potential for entry and expansion in the soft flooring market, although the degree of any constraint from entry/expansion may differ by product type.
142. The Attachment summarises the main submissions we received on the likelihood of entry and expansion in the soft flooring market. As set out in our Guidelines, we assess whether entry by new competitors or expansion by existing competitors is likely to occur to a sufficient extent in a timely fashion to constrain the merged firm and prevent a substantial lessening of competition. This is referred to as the 'LET test'.¹⁰² The obstacles to entry and expansion that firms face (entry and expansion conditions) are relevant to the LET test.¹⁰³
143. Set out below are the main reasons for our view that potential entry and/or expansion is one of the factors that would constrain the merged entity. Firstly, we

¹⁰² *Mergers and Acquisitions Guidelines* above n2 at [3.95] and [3.96]. Further information on how we assess likelihood, extent and timeliness of entry or expansion is discussed at [3.98] – [3.112].

¹⁰³ *Mergers and Acquisitions Guidelines* above n2 at [3.97].

consider the entry and expansion conditions and recent changes to the soft flooring market, followed by our assessment of the potential for entry and/or expansion by suppliers in the soft flooring market.

Conditions of entry and expansion and recent changes to the soft flooring market

144. The key conditions for entry and/or expansion in the soft flooring market appear to be:

144.1 the ability to manufacture (or at least procure from a contract manufacturer based overseas) soft flooring products for sale in New Zealand;¹⁰⁴

144.2 when importing, the ability to manage logistics such as international freight costs, exchange rate volatility and lead times as well as the ability to provide warranties/after sales services;

144.3 accessing retail floor space by forming relationships with flooring retailers in New Zealand such that retailers would stock and sell those products to end-consumers by:¹⁰⁵

144.3.1 providing suitable shelf space in retail stores;

144.3.2 supporting and promoting these suppliers' products in store to customers, showing them the samples, and actively promoting the products; and

144.3.3 increasing those carpet importers' brand exposure to end-consumers in New Zealand.

145. Taking into account recent market share data and the feedback we received throughout our investigation, the conditions for entry and expansion in the soft flooring market do not appear to be insurmountable, with the share of supply from importers steadily increasing over time.

145.1 Between FY21-FY25, the Parties' market share for the supply of carpet has (by value) decreased, while the share of imports (by value) has risen. Much of this decrease in the Parties' market share is due to a loss of share in the supply of

¹⁰⁴ We focussed our assessment on the likelihood of entry/expansion from importers and the expansion of existing domestic competitors because all industry participants including Godfrey Hirst consider that entry by a new domestic carpet manufacturer in New Zealand is unlikely due to time and cost. For example, see the Addendum to the Application at [53-60] Commerce Commission interview with [] (7 November 2025), Commerce Commission interview with [] (13 November 2025) and Anonymous A - Submission on Godfrey Hirst and Bremworth Statement of Preliminary Issues (9 November 2025) at [6].

¹⁰⁵ A carpet wholesaler could also elect to sell direct to consumer either instead of or in addition to selling through flooring retailers. However, we understand that it is not common practice at this stage for wholesalers to entirely bypass flooring retailers with most carpet in New Zealand sold via flooring retailers.

synthetic carpet, but the degree of imported wool carpet has also been growing.

145.2 Synthetic carpet accounts for the predominant share of soft flooring products sold in New Zealand and the majority of synthetic carpet is supplied by importers who entered and then, more recently, expanded their presence in New Zealand.

145.3 Examples of recent entry and growth in the supply of wool carpet include Nodi, Jacobsen and Robert Malcolm, who have each introduced offerings of wool carpet into New Zealand.

146. Further, given recent evidence of entry and expansion in both synthetic carpet and wool carpet, there does not appear to be any significant differences in the conditions for entry/expansion across the different types of carpet. While we recognise that importers have tended to supply synthetic carpet, one of the reasons for this is that, to date, there appears to be stronger demand for the price and performance attributes of synthetic carpet compared to other types of carpet.

The potential for further entry and/or expansion by importers

147. We consider that, if the merged entity sought to increase prices or reduce quality, there would likely be expansion from existing suppliers (or entry by new suppliers) of carpet.

148. We received evidence on the ability for synthetic carpet suppliers to expand, including sustained growth by synthetic carpet imports over time. However, where product markets are differentiated, as is the case in the soft flooring market, whether entry/expansion is sufficient to constrain the merged entity depends on whether the products supplied by existing competitors are sufficiently close substitutes to the products supplied by the merged entity.¹⁰⁶ This is particularly relevant to wool carpet where, as indicated above, the merged entity would face less constraint from existing competitors than in the supply of synthetic carpet.

149. As a result, we focused much of our enquiries on the likelihood and extent of expansion in the supply of wool carpet with the Proposed Acquisition.

150. In addition to the Parties, Carpet Mill is the only other domestic manufacturer of carpet in New Zealand. With the Proposed Acquisition, we consider that Carpet Mill would have the ability to expand its production volumes in response to an increase in price by the merged entity, and this would include an ability to increase the volume of wool carpet it produces in respond to consumer demand. However, we do not place weight on Carpet Mill [], as Carpet Mill advised that [] and

¹⁰⁶ *Mergers and Acquisitions Guidelines* above n2 at [104].

[].¹⁰⁷ As a result, we anticipate that any increase in Carpet Mill's wool carpet volumes, at least within the time period relevant to our LET test, is likely to be [].

151. We received mixed feedback from market participants on the likelihood, and the extent, that existing importers would materially expand their supply of wool carpet.

151.1 On one hand, Jacobsen and Robert Malcolm, both New Zealand based importers of SDN carpet, recently expanded their ranges of soft flooring products by introducing their first offerings of wool carpet into New Zealand.¹⁰⁸ [] advised us that, to varying degrees, they are looking to expand their existing sales of wool carpets and/or wool carpet ranges in New Zealand.¹⁰⁹

151.2 However, other parties, such as [] do not currently intend to meaningfully scale up their presence in the supply of wool carpet in New Zealand.¹¹⁰ In addition, [].¹¹¹

152. Overall, we consider that there would likely be further entry and expansion in the soft flooring market following the Proposed Acquisition if prices increased or quality reduced, and that this (when considered alongside the other factors discussed in this determination) would provide a constraint on the merged entity in the context of the broader soft flooring market.

152.1 While the exact degree of any expansion may differ across the different product types and by supplier, we understand that production and ranging decisions are generally made in response to demand changes. In the soft flooring industry, demand changes can be driven by end-customers but also by retailers, when they are selecting the ranges that they will stock in their respective stores.

152.2 We received evidence that, in response to demand changes, there has been material expansion by importers in the recent past particularly in relation to synthetic carpets. However, there has also been recent (although smaller-

¹⁰⁷

[].

¹⁰⁸ For example, see [].

¹⁰⁹ For example, see Commerce Commission interview with [] (23 February 2026), email from [] to the Commerce Commission (10 June 2026) and email from [] to the Commerce Commission (9 June 2026).

¹¹⁰ Email from [] to the Commerce Commission (8 June 2026), email from [] to the Commerce Commission (9 June 2026), and email from [] to the Commerce Commission (5 June 2026).

¹¹¹

[].

scale) examples of entry and expansion in the supply of wool carpets, with some suppliers of wool carpet having plans for further expansion.

153. We note that some industry participants considered that the scale of the merged entity might disincentivise retailers from implementing a demand change (by expanding their existing relationship with an importer) because this might impact on the commercial relationship that the retailer would have with the merged entity.¹¹² This might be the case if the merged entity's range of products were considered to be 'must have' products. There was some suggestion that the merged entity's range might be 'must have' because we understand that almost all retailers currently stock Godfrey Hirst or Bremworth products, with many stocking both. This is not the case with any carpet importer.
154. However, as discussed above, we received evidence of recent expansion from importers of both synthetic and wool carpet. In our view, this evidence indicates that the range of soft flooring products that the merged entity would supply is unlikely to be sufficiently 'must have' to preclude retailers generally from dealing with other suppliers. To this extent, the Proposed Acquisition is unlikely to restrict retailers from encouraging the expansion of the existing suppliers they currently stock (or encouraging the entry of new suppliers).

Countervailing power in the soft flooring market

155. A merged entity's ability to increase prices profitably may be constrained by the ability of certain customers to exert substantial influence on negotiations (ie, if certain customers have countervailing power). Countervailing power is more than a customer's ability to switch from buying products from the merged firm to buying products from a competitor, but exists when a customer possesses a special ability to substantially influence the price the merged entity would charge. This may be the case if, for example, the customer:¹¹³
- 155.1 can take action to reduce the merged entity's sales in their stores, for example, giving less favourable retail placement to the merged entity's products; and/or
 - 155.2 purchases enough product to make it feasible for the customer to sponsor new entry or expansion.
156. We consider that large retail customers would have some degree of countervailing power through an ability and incentive to support the entry and/or expansion of competitors to the merged entity in response to a unilateral price increase. Flooring retailers would have some ability to support the entry and/or expansion of existing

¹¹² On its commercial arrangements with retailers, Godfrey Hirst submits that they have not been impugned to date either by the Commission or other persons. It considers there is no evidence to suggest that these arrangements would become more onerous, or attract more uptake by retailers, post-acquisition and that there is nothing to indicate that they might become so onerous as to be potentially unlawful. See Chapman Tripp (on behalf of Godfrey Hirst) – Submission on Godfrey Hirst and Bremworth SoU (13 May 2026) at [149].

¹¹³ *Mergers and Acquisitions Guidelines* above n2 at [3.113 - 3.115].

importers by offering these suppliers increased floor space, or another type of support, in their stores, which is a key requirement for any supplier's entry or expansion. However, as is often the case with considerations of countervailing power, the degree of countervailing power that individual flooring retailers would have would likely vary.

157. The Attachment summarises the main submissions we received on the countervailing power of soft flooring retailers. In assessing these submissions and the degree of countervailing power of soft flooring retailers, the Commission does not consider that flooring retailers would have the ability to self-supply their soft flooring requirements to constrain the merged entity, due to complexities and cost considerations.

157.1 For example, self-supplying gives rise to increased workload for the relevant retailer, is higher risk (including logistic and supply chain risks, warranty and quality risk, and foreign exchange risk), and gives rise to additional significant costs (with cash commitments needed in advance).¹¹⁴

157.2 While we are aware of some examples of flooring retailers directly importing synthetic carpet products for self supply,¹¹⁵ we are not aware of any flooring retailer self supplying their wool carpet requirements.¹¹⁶ Some of the reasons for this include the limited international supply options for wool carpet, the need for regular and consistent supply, the capital outlay required (eg, to buy the stock and warehouse it) and the potential associated risks which may be out of reach or overburdensome for a smaller group or entity.¹¹⁷

158. However, we consider that flooring retailers would have some ability to sponsor or support the entry and/or expansion of an existing or new carpet importer because:

158.1 retailers are able to allocate floor space to their preferred carpet supplier or suppliers;

¹¹⁴ For example, see Matthews Law – Submission on Godfrey Hirst and Bremworth Sol (2 February 2026) at [66-68]; [] and Commerce Commission interview with [] (11 November 2025).

¹¹⁵ For example, Carpet Court has been directly importing synthetic carpet under the Rhino brand for self-supply for a significant period of time. []

¹¹⁶ For example, see Commerce Commission interview with [] (14 November 2025); and []

¹¹⁷ For example, see [], Commerce Commission interview with [] (29 January 2026) and Commerce Commission interview with [] (28 January 2026).

- 158.2 retailers typically have existing supply relationships with multiple suppliers; and
- 158.3 supply arrangements do not appear to restrict which suppliers a retailer will promote to potential consumers.
159. Flooring retailers generally do not purchase the carpet themselves prior to selling it to a consumer; rather they typically provide floor space to showcase their preferred carpet supplier or suppliers. As a result, the costs to the retailer of switching between the different suppliers they stock, promote and allocate floor space to is significantly less than if the retailer was purchasing the carpet directly.
160. In addition, as set out above, there are a number of existing importers of carpet that have existing supply relationships with many of the main flooring retailers. While the Commission received consistent feedback that Godfrey Hirst and Bremworth are two of the most prominent suppliers of carpet, the existing presence of the Parties does not appear to have prevented importers from establishing an existing and material presence across a network of different flooring retailers. For example, various industry participants indicated to us:
- 160.1 in synthetic carpet, the recent expansion of Belgotex such that its existing presence in the soft flooring market is [];¹¹⁸ and
- 160.2 in wool carpet, the recent expansion of product lines from importers such as Robert Malcom and Jacobsen.¹¹⁹
161. Further, in reviewing some of the existing supply arrangements between retailers and carpet suppliers, the Commission is not aware of any specific arrangements that prohibit a flooring retailer from re-allocating the floor space it provides to particular suppliers.¹²⁰ To this extent, if they were incentivised to, flooring retailers would be able to encourage the expansion of the existing suppliers they currently stock (or encourage the entry of new suppliers) by allocating additional floor space or by increasing the prominence of certain suppliers when sales staff are engaging with consumers.
162. Supply arrangements between carpet suppliers and retailers also do not appear to restrict which suppliers a retailer will promote to potential consumers. For example,

¹¹⁸ For example, see Commerce Commission interview with [] (11 November 2025), email from [] to the Commerce Commission (18 December 2025), email from [] to the Commerce Commission (9 June 2026), email from [] to the Commerce Commission (4 February 2026), and [].

¹¹⁹ For example, see email from [] to the Commerce Commission (5 June 2026), Commerce Commission interview with [] (9 June 2026), and email from [] to the Commerce Commission (10 June 2026).

¹²⁰ For example, see email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (10 December 2025), Commerce Commission interview with [] (28 November 2025), Commerce Commission interview with [] (29 January 2026) and Commerce Commission interview with [] (28 November 2025).

the Commission received evidence that shows the proportion of sales of Godfrey Hirst's products via individual retailers that are part of the Flooring Foundation can vary significantly.¹²¹ In our view, this indicates that retailers do have an important role in the products offered to consumers and, if incentivised by an increase in prices by the merged entity, retailers would have some ability to support the entry and/or expansion of competitors to the merged entity.

Overall conclusion

163. The preceding sections considered the likely unilateral effects of the Proposed Acquisition. While it is necessary to examine each of the potential effects in turn, the ultimate question we are required to consider is whether we are satisfied that the Proposed Acquisition would not have, or would not be likely to have, the effect of substantially lessening competition in any market.
164. After considering all of the information before the Commission, we are satisfied that the Proposed Acquisition would not have, or would not be likely to have, the effect of substantially lessening competition in the soft flooring market due to unilateral effects.
 - 164.1 For customers, and retailers, requiring synthetic carpet, which now makes up the predominant share of soft flooring products in New Zealand, there would be several alternative suppliers to the merged entity with the ability to expand.
 - 164.2 For customers, and retailers, requiring wool carpet, there would also be alternative suppliers to the merged entity with the ability to expand. In addition, it is likely that some wool carpet customers would switch to acquiring synthetic carpet in response to a price increase or quality reduction by the merged entity in regard to its wool carpet. While the merged entity would be largest supplier of wool carpet, we consider that the prevalence of alternative carpet suppliers also means that it is unlikely that the merged entity would be in a position to leverage its position in the supply of wool carpet into the soft flooring market more broadly.
 - 164.3 Further, large retail customers would have some degree of countervailing power through an ability and incentive to support the entry and/or expansion of competitors to the merged entity in response to a unilateral price increase.
165. Therefore, the Commission grants clearance to the Proposed Acquisition as the Commission is satisfied that it would not be likely to have the effect of substantially lessening competition in any relevant market in New Zealand.

¹²¹ For example, see email from Chapman Tripp (on behalf of Godfrey Hirst) to the Commerce Commission (11 June 2026), Commerce Commission interview with [] (2 December 2025) and Commerce Commission interview with [] (14 November 2025).

Determination on notice of clearance

166. Under section 66(3)(a) of the Commerce Act 1986, the Commerce Commission gives clearance to Mohawk Industries, Inc., or any interconnected body corporate of Mohawk Industries, Inc., to acquire 100% of the shares of Bremworth Limited.

Dated this 30th day of June 2026

Dr Derek Johnston
Committee Convenor

Attachment - Submissions received from industry participants

A1. Over the course of our investigation, we received submissions from the Parties and other industry participants. Set out below are summaries of these submissions in relation to the six key issues that were the focus on our investigation namely:

- A1.1 market definition;
- A1.2 the counterfactual;
- A1.3 closeness of competition between the Parties;
- A1.4 the degree of constraint from existing competitors;
- A1.5 entry and expansion; and
- A1.6 countervailing power.

Market definition

Godfrey Hirst's submissions

- A2. Godfrey Hirst notes that the Commission has previously considered there to be a discrete product market for carpet (as opposed to other flooring material), and that this market is a differentiated market which includes a broad spectrum of all types of carpet (including synthetic and wool).¹²² It submits this market remains appropriate today and there is no evidence to suggest that the market should be narrowed (with separate markets for synthetic and wool carpet).¹²³
- A3. Godfrey Hirst submits that the Commission's past decisions were some time ago and there is now increasing demand for, and substitutability between carpet and, other flooring solutions. It submits that a common sense approach requires that the relevant market should not be limited to carpet (soft flooring). Instead, the relevant market is a total flooring solutions market which comprises carpet and a wide range of non-carpet covering and flooring solutions (eg, hard flooring products and rugs).¹²⁴
- A4. Godfrey Hirst submits that other flooring options can be recognised as a competitive constraint on the supply of carpet, regardless of whether they are included within

¹²² The Application at [47-51] with reference to Commerce Commission - Godfrey Hirst NZ Limited and Feltex Carpets Limited (Decision 587, 31 August 2006) and Commerce Commission - Cavalier Corporation Limited and Norman Ellison Holdings Limited (Decision 628, 14 November 2007).

¹²³ The Application at [52] and [56], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [89].

¹²⁴ The Application at [57], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [55] and Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [2.2], [14], [19] and [24-26]. Hard flooring products can include ceramic tiles, sheet vinyl, LVT, timber (including bamboo and cork), laminates as well as 'Hybrids', which blend laminates with vinyl. The Application at [61-62].

the same market or not.¹²⁵ It submits that applying rigid product boundaries may overlook the real competitive pressures exerted by alternative products.¹²⁶

Bremworth's submissions

- A5. Bremworth submits that there is, at its most narrow, a single differentiated market for carpet in New Zealand.¹²⁷ This is because, in its view:
- A5.1 demand-side and supply-side evidence shows that wool and synthetic carpets, both domestically manufactured or imported, constrain each other;¹²⁸
 - A5.2 wool and synthetic carpets are substitutable for each other, and customers readily switch between fibre types and sources of manufacture;¹²⁹
 - A5.3 there are not separate markets based on fibre type, manufacturing location, or customer type;¹³⁰
 - A5.4 retailers and end-consumers have been shifting significant volumes of their purchases to imported and synthetic carpets, with imports of carpet having grown substantially and now representing almost 50% of the total market (while wool carpet is only about 15% of carpet sales);¹³¹ and
 - A5.5 suppliers can switch between manufacturing wool and synthetic carpet.¹³²
- A6. However, Bremworth submits that, in the Sol, the Commission improperly minimises the competitive constraint on soft (carpet) flooring from hard flooring products.¹³³
- A7. Generally, Bremworth submits that – in defining markets – we are required to consider the substitutability of goods or services, rather than a reverse-engineered approach of seeking to isolate competition issues.¹³⁴ It submits that it is not correct to exclude a substitutable product from the relevant market on the basis that we can still “take it into account”, as this risks our competition analysis being misdirected.¹³⁵ If a product is substitutable as a matter of fact and commercial commonsense, then it falls within the market and needs to be treated as such.¹³⁶ However, Bremworth

¹²⁵ The Application at [75].

¹²⁶ Chapman Tripp (on behalf of Godfrey Hirst) cross submission on Sol (19 February 2026) at [6].

¹²⁷ Bremworth submission on Sol (11 February 2026) at [5c)], [30] and [31].

¹²⁸ Bremworth submission on Sol (11 February 2026) at [5c)].

¹²⁹ Bremworth submission on Sol (11 February 2026) at [5c)] and Bremworth submission on SoUI (8 May 2026) at [3.2(b)(i)].

¹³⁰ Bremworth submission on Sol (11 February 2026) at [30].

¹³¹ Bremworth submission on Sol (11 February 2026) at [30(b)] and Bremworth submission on SoUI (8 May 2026) at [3.2(c)(i)] and [3.2(c)(iii)].

¹³² Bremworth submission on Sol (11 February 2026) at [30(c)] and Bremworth submission on SoUI (8 May 2026) at [3.2(c)(vii)].

¹³³ Bremworth submission on Sol (11 February 2026) at [32].

¹³⁴ Bremworth submission on SoUI (8 May 2026) at [3.2(a)].

¹³⁵ Bremworth submission on SoUI (8 May 2026) at [3.5].

¹³⁶ Bremworth submission on SoUI (8 May 2026) at [3.5].

also submits that irrespective of how we ultimately choose to define a market, our analysis needs to properly account for the competitive constraint on soft flooring that comes from the presence (and increasing consumer switching to) hard flooring.¹³⁷

Other industry parties' submissions

- A8. Matthews Law submits that a broader product market definition that includes all types of flooring is not appropriate.¹³⁸
- A9. Matthews Law submits that the relevant market is a market for the manufacture or import and wholesale supply of soft floorings in New Zealand.¹³⁹ It further submits:
 - A9.1 different types of carpet may be functional substitutes, but carpet is highly differentiated and sells at a range of quite different price points;¹⁴⁰
 - A9.2 the factors influencing carpet selection are multifactorial and include quality, design, value/price, manufacturing location and brand loyalty. While different consumers value these factors differently, where choice is strongly influenced by price, customers likely view wool and synthetic carpets as substitutable. For other consumers, there is no close substitute for carpets manufactured by Godfrey Hirst and Bremworth;¹⁴¹
 - A9.3 resellers need a range of carpets available to suit different consumers, but a material portion of consumers will insist on wool carpets;¹⁴²
 - A9.4 we should consider if there are separate markets for different customers;¹⁴³
 - A9.5 New Zealand wool carpets are the highest quality in the world, are seen as having unique qualities and can outperform many synthetic alternatives;¹⁴⁴ and
 - A9.6 the presence of imports does not demonstrate that they are close substitutes for domestically manufactured products. Imports are mostly low-end synthetic carpets, that cater to mid-to-low-end segments. Local carpet manufacturers have an advantage over importers. The costs, risks and complexities of importing mean that it is most suited to speciality products not produced in New Zealand or products such as carpet tiles that are easy to transport. Imports are not always cheaper. Increased imports in the past may

¹³⁷ Bremworth submission on Sol (11 February 2026) at [33].

¹³⁸ Matthews Law submission on SoPI (27 November 2025) at 14.

¹³⁹ Matthews Law submission on Sol (2 February 2026) at [7].

¹⁴⁰ Matthews Law submission on SoPI (27 November 2025) at [1.2(a)], [1.3] and [2.28].

¹⁴¹ Matthews Law submission on SoPI (27 November 2025) at [1.2(a)] and [1.4-1.5], Link Economics Report prepared for Matthews Law (27 November 2025) at [24] and Matthews Law cross submission on SoUI (27 May 2026) at [3.6].

¹⁴² Matthews Law submission on SoPI (27 November 2025) at [2.29].

¹⁴³ Matthews Law submission on Sol (2 February 2026) at [7].

¹⁴⁴ Matthews Law submission on SoPI (27 November 2025) at 6 and [1.36].

have been driven by a combination of (non-price) factors, but imports may reduce on a forward-looking basis.¹⁴⁵

- A10. Anonymous C submits the relevant market is a market for the import/manufacture and wholesale supply of wool carpets.¹⁴⁶
- A11. In its submission, Anonymous B refers to the New Zealand carpet market or soft floor finishes market, but also to distinct product specifications, categories or segments within that market for wool and synthetic carpet.¹⁴⁷
- A12. Cowes Bay Group (CBG) does not consider there is strong evidence that carpet and hard flooring are in the same market, nor that carpet and hard flooring are substitutable for each other (on either the demand side or supply side).¹⁴⁸
- A13. Anonymous H submits that wool carpet functions as a distinct, differentiated and commercially important product segment of the soft flooring (carpet) market, with wool and synthetic carpets not being fully interchangeable.¹⁴⁹

The counterfactual

Godfrey Hirst's submissions

- A14. In terms of the counterfactual for itself, Godfrey Hirst submits that
[

].¹⁵⁰

- A15. In terms of the counterfactual for Bremworth, Godfrey Hirst submits:

A15.1 Bremworth's financial position is one of a loss-making entity, with sustained losses over a number of years;¹⁵¹

¹⁴⁵ Matthews Law submission on SoPI (27 November 2025) at [1.16], [1.22], [1.29] and [2.30], Matthews Law submission on Sol (2 February 2026) at [15] and Matthews Law cross submission on Sol (19 February 2026) at [18-19] and [90].

¹⁴⁶ Anonymous C submission on SoPI (18 November 2026) at [2.2].

¹⁴⁷ Anonymous B submission on SoPI (November 2025) at 1, 5 and 9.

¹⁴⁸ CBG submission on SoPI (11 November 2025) at [9].

¹⁴⁹ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Rebuttal to Bremworth submission to the Commerce Commission (27 May 2026) at 1 and 5, Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Rebuttal to Every Palmer / Mellsop opinion (27 May 2026) at 4 and Anonymous H cross submission on SoUI (2 June 2026) at 9.

¹⁵⁰ Addendum to the Application at [20-23].

¹⁵¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [5].

- A15.2 the Application did not claim Bremworth is a failing firm, but it has experienced a decade of decline and this decline has continued following registration. The “head winds” and losses Bremworth faces would continue and continue to be a significant challenge for the business as a ‘going concern’ (it may be doubtful that it is a ‘going concern’ or it may fail to remain so in the near future);¹⁵²
- A15.3 a counterfactual of Bremworth continuing as a going concern and competing in some form with Godfrey Hirst is an unrealistic scenario. There is nothing in Bremworth’s recent performance, or its Board’s current assessments, to support a likelihood that the company could be an effective competitor on a standalone basis;¹⁵³
- A15.4 on a stand-alone basis, Bremworth’s market position and ability to innovate would continue to deteriorate absent the Proposed Acquisition, especially given the increasing competition from importers of carpet;¹⁵⁴
- A15.5 there is no basis for Anonymous B’s submission that Bremworth remaining independent and investing in SDN carpets is the more likely counterfactual. A counterfactual where Bremworth continues with its present efforts to restore domestic yarn production and strategy of restoring synthetic carpets involves significant risks, with no guarantee of success. Bremworth’s Chair recently stated that the “status quo would be challenging” and NZX disclosures make it clear that Bremworth’s Board considers seeking alternative ownership to be the best option;¹⁵⁵
- A15.6 without the Proposed Acquisition, Bremworth’s Board would be forced to consider other possible options for the business;¹⁵⁶ and
- A15.7 the prospect of any offer from an alternative purchaser such as CBG resulting in a completed transaction is unlikely, not a realistic prospect and there is no proper basis for the prospect of CBG being a prospective alternative rescuer of Bremworth.¹⁵⁷

¹⁵² Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [65-68], Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [2.9-2.11] and [5-6], and Chapman Tripp (on behalf of Godfrey Hirst) cross submission on Sol (19 February 2026) at [39].

¹⁵³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [9] and Chapman Tripp (on behalf of Godfrey Hirst) cross submission on Sol (19 February 2026) at [42].

¹⁵⁴ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [52], [59-60] and [65], and at [12] of Appendix B.

¹⁵⁵ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [78] and Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [57] and [62-63].

¹⁵⁶ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [60] and [66].

¹⁵⁷ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [62-65] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [4-5] and [52]. Godfrey Hirst submits for the likely counterfactual to be sale of Bremworth to another party, those parties would need to have been involved

Bremworth's submissions

A16. In response to the Sol, Bremworth submitted that []:¹⁵⁸

A16.1 [];

A16.2 [];

A16.3 [];

A16.4 [];

A16.5 [];

A16.6 [].

A17. In response to the SoUI, Bremworth submits that we adopt an incorrect approach to the counterfactual. It submits that case law requires us to assess the impact of a merger against an economically and commercially rational counterfactual, based on evidence and the balance of probabilities, and to dismiss remote or speculative possibilities.¹⁵⁹

in the sale process conducted and bid accordingly. Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [19].

¹⁵⁸ Bremworth submission on Sol (11 February 2026) at [5(b)], [5(g)], [7], [17-21] and [23-27].

¹⁵⁹ Bremworth submission on SoUI (8 May 2026) at [1.2].

Other industry parties' submissions

- A18. In terms of the counterfactual for Bremworth, Matthews Law submits that Godfrey Hirst's submissions overstate Bremworth's financial fragility and position¹⁶⁰ and Bremworth's significance as a competitive constraint in the future.¹⁶¹
- A19. CBG submits that the likely counterfactual is the sale of Bremworth to another party and the revitalisation of Bremworth as a vibrant, capable manufacturer of carpet, which would be a more competitive scenario than the factual (which would create a near monopoly).¹⁶²
- A20. Anonymous B submits that evidence shows Bremworth intended to remain independent and invest in SDN (re-opening Napier, retooling lines). The proper counterfactual is therefore a viable, competitive Bremworth, not a failing firm. The Proposed Acquisition eliminates this future competition and domestic capacity.¹⁶³
- A21. On the counterfactual for Bremworth, Anonymous H submits:
- A21.1 Bremworth was failing, but it does not appear to be failing now. It has made very significant cost improvements since reversing the poor strategies of its previous Board and management, with a material improvement/turnaround in its performance reflected in its financial results for July to December 2025. Bremworth should start making operating profits in the very near future;¹⁶⁴
- A21.2 Bremworth should not be treated as having no viable alternatives to the Proposed Acquisition. It submits that it does not believe the evidence supports treating that as the natural or likely outcome;¹⁶⁵
- A21.3 CBG appears to be a credible interested party, Bremworth still has cash and assets;¹⁶⁶ and
- A21.4 even if Bremworth is facing financial and operational challenges, that does not mean it has ceased to be competitively relevant. A competitor can be

¹⁶⁰ Matthews Law cross submission on SoUI (27 May 2026) at [3.30] and [3.32].

¹⁶¹ Matthews Law submission on SoPI (27 November 2025) at [4], Matthews Law cross submission on Sol (19 February 2026) at 5, [34-35] and [82], and Matthews Law cross submission on SoUI (27 May 2026) at 4.

¹⁶² CBG submission on SoPI (11 November 2025) at [6(d)] and [15], CBG cross submission on SoPI (18 December 2025) at [3(b)], CBG cross submission on Sol (19 February 2026) at [5] and CBG cross submission on SoUI (26 May 2026) at [6(d)].

¹⁶³ Anonymous B submission on SoPI (November 2025) at [3.7].

¹⁶⁴ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Comments on Chapman Tripp on behalf of Godfrey Hirst submission (27 May 2026) at 9, Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Rebuttal to Bremworth submission to the Commerce Commission (27 May 2026) at 1-2 and Anonymous H cross submission on SoUI (2 June 2026) at 1 and 10.

¹⁶⁵ Anonymous H cross submission on SoUI (2 June 2026) at 10-11.

¹⁶⁶ Anonymous H cross submission on SoUI (2 June 2026) at 1 and 10-11.

financially constrained and still play an important role in disciplining price, ranging, innovation and supplier behaviour.¹⁶⁷

The closeness of competition between the Parties

Godfrey Hirst's submissions

- A22. Godfrey Hirst submits that competition between Godfrey Hirst and Bremworth is of the following form:¹⁶⁸
- A22.1 in residential, which is the most significant part of the market by volume and total value, Bremworth and Godfrey Hirst sell products into the carpet retailers nationwide; and
 - A22.2 in the commercial market, Bremworth and Godfrey Hirst try to win contracts or projects across the various commercial segments, and both work with architects and designers to influence and gain specifications at the design stage of a project.
- A23. Godfrey Hirst submits that the conclusion in the SoUI that it and Bremworth are each other's closest competition, particularly in the supply of wool carpet in New Zealand, is nonsense and not fact based, and comments of industry participants are mostly speculative.¹⁶⁹ It submits that closeness of competition demonstrably comes from imports, not a weakened Bremworth, and that importer competitors would continue to, and increasingly, provide the strongest competitive constraint in the wholesale supply of both wool and synthetic carpets.¹⁷⁰

Bremworth's submissions

- A24. On closeness of competition between Godfrey Hirst and Bremworth, Bremworth submits that customers readily switch from Bremworth to imported and synthetic products demonstrating that the constraint on Bremworth comes from many competitors and in many forms, not just from Godfrey Hirst.¹⁷¹

Other industry parties' submissions

- A25. Matthews Law submits that the Proposed Acquisition would eliminate competition between the two closest competitors/rivals of strong and well-established brands, with Godfrey Hirst and Bremworth being the only two significant New Zealand manufacturers of broadloom carpet, both in wool and (with Bremworth's re-entry) in synthetic carpets.¹⁷²

¹⁶⁷ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Rebuttal to Every Palmer / Mellsoy opinion (27 May 2026) at 5.

¹⁶⁸ Addendum to the Application at [28].

¹⁶⁹ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [84-85] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Matthews Law and Link Economics (10 December 2025) at [28].

¹⁷⁰ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [3.4].

¹⁷¹ Bremworth submission on Sol (11 February 2026) at [5].

¹⁷² Matthews Law submission on SoPI (27 November 2025) at [1(b)], 4 and [1.31-1.33].

- A26. CBG submits that Godfrey Hirst and Bremworth are each other's closest competitors, and that the Proposed Acquisition would remove Godfrey Hirst's most significant competitive constraint (by a considerable margin). It would give Godfrey Hirst a near monopoly in the New Zealand wool carpet market, and eliminate Bremworth as a source of renewed and meaningful competition in synthetic carpet.¹⁷³
- A27. Anonymous C submits that the Proposed Acquisition would remove Godfrey Hirst's closest competitor, effectively reduce the major New Zealand-based manufacturers of wool carpets from two to one, and strengthen Godfrey Hirst's position as a one-stop flooring supplier that rivals are not able to match.¹⁷⁴
- A28. Anonymous B submits that the New Zealand carpet market is dominated by Godfrey Hirst and Bremworth, and the Proposed Acquisition would remove Bremworth as a independent competitor to Godfrey Hirst in wool carpet and the nascent competitive threat from Bremworth's re-entry into synthetic carpet.¹⁷⁵
- A29. Anonymous H submits Bremworth is the only competitor to Godfrey Hirst with the necessary scale, upmarket ranges, capability, and brand strength to compete.¹⁷⁶

Existing constraint from competitors

Godfrey Hirst's submissions

- A30. Godfrey Hirst submits that, with the Proposed Acquisition, competitive tension would continue (and likely increase), and that workable and effective competition to the merged entity would be provided by:¹⁷⁷
- A30.1 domestic-based carpet manufacturers and suppliers such as Carpet Mill and Wools of New Zealand;¹⁷⁸ and
- A30.2 unconstrained imports from carpet manufacturers based overseas. Godfrey Hirst estimates that approximately 50% of all the carpet purchased and installed in New Zealand is currently imported and these imports would impose a significant constraint on the merged entity.¹⁷⁹

¹⁷³ CBG submission on SoPI (11 November 2025) at [5] and [18], CBG cross submission on Sol (19 February 2026) at [69], and CBG cross submission on SoUI (26 May 2026) at [31] and [34(f)].

¹⁷⁴ Anonymous C submission on SoPI (18 November 2026) at [1.3(a)] and [3.1].

¹⁷⁵ Anonymous B submission on SoPI (November 2025) at 1-2.

¹⁷⁶ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Comments on Chapman Tripp on behalf of Godfrey Hirst submission (27 May 2026) at 10.

¹⁷⁷ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [45].

¹⁷⁸ The Application at [84-90] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [44].

¹⁷⁹ The Application at [91-99], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [32-33], [51], [54], [57], [85] and [103], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [45] and [69].

A31. Godfrey Hirst also submits that the sustained rise of imports, including for wool carpets, leaves no doubt that they are a powerful and ever-increasing constraint on local manufacturers.¹⁸⁰ It considers there are four main reasons for this view on the constraint from imports, namely:

A31.1 imports are of good quality and are lower cost to make;¹⁸¹

A31.2 overseas importers have lower manufacturing costs;¹⁸²

A31.3 importing is a straightforward, well-established practice, and the practicalities for retailers dealing with importers established in New Zealand are largely the same as dealing with local manufacturers. While there may be some additional administrative requirements, the process remains straightforward for any retailer wishing to import directly. While importers face lead times and variable costs, these challenges are neither insurmountable nor unique to importers;¹⁸³ and

A31.4 the constraint from imports will increase, driven by changing consumer preferences, cost advantages, and the ongoing reduction of tariffs.¹⁸⁴

Bremworth's submissions

A32. Bremworth considers Carpet Mill to be one of the plethora of other carpet competitors that would provide constraint on the merged entity. It submits that Carpet Mill actively markets its presence in New Zealand across a range of flooring types, including carpets made of wool or synthetic to vinyl planking or hybrid floating floors, and that Carpet Mill considers itself to be one of the largest and most trusted flooring companies in New Zealand.¹⁸⁵

A33. Bremworth submits that customers readily switch from Bremworth to imported and synthetic products and this demonstrates that the constraint on Bremworth comes from many competitors, including importers and not just from Godfrey Hirst.¹⁸⁶

¹⁸⁰ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [122].

¹⁸¹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [195-100] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [85].

¹⁸² Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [101-105], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [85] and Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [11], [57], and [117].

¹⁸³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [106-113].

¹⁸⁴ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [114-121], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [50] and [103], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [69].

¹⁸⁵ Bremworth submission on Sol (11 February 2026) at [36(b)].

¹⁸⁶ Bremworth submission on Sol (11 February 2026) at [5(e)].

- A34. Bremworth also submits there are no practical impediments to import competition and no issues importers face are material impediments to competition from importers or could be considered unique to importers compared to domestic manufacturers.¹⁸⁷

Other industry parties' submissions

- A35. In relation to existing competition from domestic manufacturers:

A35.1 Matthews Law submits that Carpet Mill is the only other domestic manufacturer (other than Godfrey Hirst and Bremworth) but is best characterised as niche and de minimis for competition analysis and therefore does not provide a like-for-like competitive constraint capable of disciplining pricing or non-price conduct by a merged entity;¹⁸⁸

A35.2 CBG considers that the Proposed Acquisition would give Godfrey Hirst a near monopoly in the New Zealand wool carpet market. It submits that Carpet Mill is small and would not be a strong constraint on the merged entity;¹⁸⁹

A35.3 Anonymous C considers that the Proposed Acquisition would reduce the major New Zealand-based manufacturers of wool carpets from two to one. It submits that while Carpet Mill is also a New Zealand-based wool carpet manufacturer, it is a relatively small business and would not provide an effective constraint on the merged entity;¹⁹⁰ and

A35.4 Anonymous B submits that the Proposed Acquisition would leave New Zealand with effectively one large domestic manufacturer. It considers that other than Godfrey Hirst and Bremworth, Carpet Mill is the only other New Zealand manufacturer. However, it is on a much smaller scale and does not produce wool carpets.¹⁹¹

- A36. In relation to existing competition from carpet importers;

A36.1 Matthews Law submits that while imports provide some competitive balance, they are not without risk and would not be sufficient to prevent the merged entity from exercising market power.¹⁹² Matthews Law also raises concerns regarding Godfrey Hirst's market share analysis and the underlying import data methodology;¹⁹³

¹⁸⁷ Bremworth submission on Sol (11 February 2026) at [45-46].

¹⁸⁸ Matthews Law submission on SoPI (27 November 2025) at [54-55] and Matthews Law cross submission on Sol (19 February 2026) at [4-6] of Annex B.

¹⁸⁹ CBG submission on SoPI (11 November 2025) at [5] and [21].

¹⁹⁰ Anonymous C submission on SoPI (18 November 2026) at [1.3] and [3.1].

¹⁹¹ Anonymous B submission on SoPI (November 2025) at 2.

¹⁹² Matthews Law submission on SoPI (27 November 2025) at [1.40] and Matthews Law cross submission on Sol (19 February 2026) at [88-89].

¹⁹³ Matthews Law cross-submission on SoUI (27 May 2026) at [4.38-4.46].

A36.2 Anonymous B submits that while import competition provides some price discipline, it is not a full substitute for locally made product given lead times, minimum order quantities, service/warranty expectations and the fact that a large share of imported synthetics are already controlled by Godfrey Hirst. It submits that independent importers lack the scale to disrupt the merged entity and import competition is fragile and limited due to freight, foreign exchange rates, duty and lead-time constraints. It further submits that while imported synthetic carpet is often cheaper at the landed cost level, once these constraints are added, the price advantage can erode;¹⁹⁴

A36.3 CBG considers that the merged entity would not be sufficiently constrained by imports;¹⁹⁵

A36.4 Anonymous C submits that imports would not provide a sufficient or effective constraint on the merged entity;¹⁹⁶

A36.5 Anonymous H considers that imported wool carpet is not a credible competitive constraint¹⁹⁷ and Anonymous H also raises concerns with the import data relied on by Godfrey Hirst.¹⁹⁸

Constraint from entry/expansion

Godfrey Hirst's submissions

A37. Godfrey Hirst submits that there is potential for new entry or expansion.¹⁹⁹ It further submits:

A37.1 greenfields entry by a local carpet manufacturer would be both expensive and time-consuming;²⁰⁰

A37.2 barriers to imports are low and there are no barriers to expansion by importers or potential competition from further new entry (via imports);²⁰¹

A37.3 there are no material differences in any perceived barriers to importing wool carpet as compared with synthetic carpet;²⁰²

A37.4 local manufacturers do not have advantages over importers;²⁰³ and

¹⁹⁴ Anonymous B submission on SoPI (November 2025) at 2 and 8.

¹⁹⁵ CBG cross submission on SoUI (26 May 2026) at [6b].

¹⁹⁶ Anonymous C submission on SoPI (18 November 2026) at [1.3(b)] and [3.5].

¹⁹⁷ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Rebuttal to Bremworth submission to the Commerce Commission (27 May 2026) at 2 and 5.

¹⁹⁸ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Rebuttal to Every Palmer / Mellsoop opinion (27 May 2026) at 2 and Anonymous H cross submission on SoUI (2 June 2026) at 2-8.

¹⁹⁹ The Application at 27.

²⁰⁰ Addendum to the Application at [56], [58.1] and [60.1].

²⁰¹ The Application at 26 and [108], and Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [3.12] and at [24] of Appendix B.

²⁰² Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [137].

²⁰³ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [125-127].

166.1 there is constraint from threat of new entry by way of imports from Chinese and Dutch manufacturers, and also by other global flooring entities.²⁰⁴

Bremworth's submissions

A38. Bremworth submits that there is no prospect that the merged entity could durably increase prices (or reduce quality) by ~5% across the market without:²⁰⁵

A38.1 other competitors (or new entrants, including overseas importers) identifying that prices are above competitive levels (or quality is below competitive levels) and expanding / entering as a result; and/or

A38.2 fearing the threat of new entry or expansion.

A39. Bremworth also submits that there are no material impediments to competition that are unique to importers compared to domestic manufacturers.²⁰⁶ It further submits that the ability of at least four larger retailers to sponsor new entry demonstrates significant potential new entry and expansion.²⁰⁷

Other industry parties' submissions

A40. Matthews Law submits that despite years of opportunity, no wool importer has achieved more than a marginal market share, which is itself the strongest evidence that barriers to expansion at scale in wool are real, enduring and structural.²⁰⁸ It disagrees with Godfrey Hirst's submissions that there are no material barriers to expansion by wool carpet importers and no material differences between the economics of importing wool and synthetic carpets.²⁰⁹

A41. CBG owns and operates the Armstrong flooring business, an existing wholesaler of hard flooring and carpet tile products. CBG submits that Armstrong has been investigating and planning for the potential supply of broadloom synthetic carpet into New Zealand, but those plans are proving challenging given the existing market dominance of Godfrey Hirst, and it considers they are likely to become even more so were the Proposed Acquisition to proceed due to difficulty in obtaining effective distribution through retail stores.²¹⁰

²⁰⁴ The Application at [6.7] and [107].

²⁰⁵ Bremworth submission on Sol (11 February 2026) at [37].

²⁰⁶ Bremworth submission on Sol (11 February 2026) at [47].

²⁰⁷ Bremworth submission on SoUI (8 May 2026) at [6.4].

²⁰⁸ Matthews Law cross submission on SoUI (27 May 2026) at [3.56] and [4.21].

²⁰⁹ Matthews Law cross submission on SoUI (27 May 2026) at [4.18].

²¹⁰ CBG submission on SoPI (11 November 2025) at [4], [6(c)] and [19].

Countervailing power of retailers

Godfrey Hirst's submissions

- A42. Godfrey Hirst submits that there is countervailing constraint from retailers, through whom carpet is usually sold.²¹¹ It further submits:
- A42.1 the Commission has previously stated that “retailers of carpet hold a degree of countervailing power when negotiating supply terms, including prices, with manufacturers” due to the ease with which they can switch to alternative manufacturers or to imports;²¹²
 - A42.2 retailers are no longer simply threatening to exercise their countervailing power, they are doing so in practice;²¹³
 - A42.3 large retailers would be able to substantially influence the merged entity’s prices;²¹⁴
 - A42.4 most retailers serve as total or one-stop shop flooring solution providers, offering a wide array of products (beyond traditional carpet) so that they can meet diverse consumer needs;²¹⁵
 - A42.5 the three largest retailers of flooring products – Carpet Court, Flooring Xtra and Harrisons have significant countervailing bargaining power. They use their buying power to access cheaper imports either directly or through intermediaries, to constrain local manufacturers;²¹⁶
 - A42.6 that many retailers operate as buying groups and their bulk buying power provides retailers with extra countervailing bargaining power;²¹⁷
 - A42.7 retail groups generally control what is seen by the consumers in advertising, on their websites and physically presented on in-store stands, which plays a significant role in shaping consumer choice of flooring;²¹⁸

²¹¹ The Application at 29 and [129].

²¹² Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [51].

²¹³ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [135], [137] and [140-142], and Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [165-166].

²¹⁴ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [133-134] and Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [159].

²¹⁵ The Application at [123-125], [128] and Attachment F – NERA Report prepared for Chapman Tripp at [22].

²¹⁶ The Application at [6.8] and [120-121], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Cowes Bay and Anonymous A-D (8 December 2025) at [62], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [28], [54-55] and [57].

²¹⁷ The Application at [6.8], [126] and [129], and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [16-24] and [58].

²¹⁸ Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [12.2], Chapman Tripp (on behalf of

A42.8 the increasing prevalence of imports has enhanced the countervailing power of large retailers, which they do not hesitate to threaten or use;²¹⁹

A42.9 imports of carpets give retailers an increasingly competitive and easy option compared to buying from local manufacturers;²²⁰ and

A42.10 at least some retailers (eg. Flooring Xtra) buy “white label” carpets from manufacturers, to which the retailers then attach their own brand.²²¹

A43. Godfrey Hirst also submits that Matthews Law’s suggestion that buying groups lack real countervailing power is not supported by evidence.²²²

A44. In assessing the constraint from countervailing power, Godfrey Hirst further submits that the relevant question is whether the merged entity would lose enough sales to render a price increase unprofitable.²²³

Bremworth’s submissions

A45. Bremworth submits that the SoUI understates the countervailing power of retailers. Retailers have significant influence over end customer purchasing decisions, strong incentives to promote products that deliver them the highest margins, and the ability to self-supply or sponsor new entry (at least in terms of the four largest retailers). These factors provide meaningful competitive constraints on wholesale suppliers.²²⁴

A46. Bremworth submits that in its experience, carpet retailers hold significant influence to convert customers into purchasing the retailers' product and fibre type preferences – which is reflected both in the significant increases in imports in recent years.²²⁵

Other industry parties’ submissions

A47. Matthews Law submits that there is no strong countervailing buyer power - resale is fragmented, and commercial terms are not consistent with countervailing power.²²⁶ It further submits:

Godfrey Hirst) submission on Sol (10 February 2026) at [147] and Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [131].

²¹⁹ Chapman Tripp (on behalf of Godfrey Hirst) submission on Sol (10 February 2026) at [2.7].

²²⁰ The Application at [6.8], [129-131] and Attachment F – NERA Report prepared for Chapman Tripp at [20], Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI -Matthews Law and Link Economics (10 December 2025) at [12.1] and [49], and Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [162].

²²¹ The Application at Attachment F – NERA Report prepared for Chapman Tripp at [23] and Chapman Tripp (on behalf of Godfrey Hirst) – Comments on submissions on Godfrey Hirst and Bremworth SoPI - Matthews Law and Link Economics (10 December 2025) at [18].

²²² Chapman Tripp (on behalf of Godfrey Hirst) cross submission on Sol (19 February 2026) at [15] and [56].

²²³ Chapman Tripp (on behalf of Godfrey Hirst) submission on SoUI (13 May 2026) at [154].

²²⁴ Bremworth submission on SoUI (8 May 2026) at [1.2(e)] and [6.4].

²²⁵ Bremworth submission on Sol (11 February 2026) at [43] and Bremworth submission on SoUI (8 May 2026) at [6.2].

²²⁶ Matthews Law submission on SoPI (27 November 2025) at 4.

- A47.1 while there are some retail buying groups, it is not clear that any individual buying group is sufficiently large or that they have a sufficiently strong outside option needed to attain countervailing market power;²²⁷
- A47.2 if Godfrey Hirst's submission that large floor covering retailers and buying groups have bulk buying power is true, then these retailers should then have the lowest buy price / best terms / greatest level of support. Godfrey Hirst would also see these retailers as important businesses that it does not want to lose (eg, because it cannot obtain sales of similar value without such retailers). Neither are believed to be true;²²⁸
- A47.3 Godfrey Hirst states that it negotiates pricing on an individual store basis, and that pricing may reflect the volume/mix of each store's purchases and also willingness to participate in Godfrey Hirst branding and promotions;²²⁹
- A47.4 Godfrey Hirst controls pricing, not its customers - and does so in a way that weakens the ability of even large buying groups to discipline its conduct. There is an imbalance in negotiating power;²³⁰
- A47.5 retailers' influence at point of sale does not equal countervailing power against a merged supplier controlling must-have brands;²³¹
- A47.6 the range of carpets the merged entity would control would likely be a retailer "must-have", which would confer power to the merged entity in negotiation of price and non-price terms with retailers, potentially leading to increased prices for end consumers;²³²
- A47.7 the loss of Bremworth as an independent supplier with the Proposed Acquisition would remove a critical outside option and weaken, rather than strengthen, retailer bargaining power;²³³
- A47.8 Godfrey Hirst's submissions on countervailing power assume retailers can readily switch to imports, but importing is not a credible option for (at least) a significant set of retailers and the ability of retailers to switch to imported wool carpet at scale remains significantly limited;²³⁴

²²⁷ Link Economics Report prepared for Matthews Law (27 November 2025) at [61].

²²⁸ Matthews Law submission on SoPI (27 November 2025) at [4.5] and [4.10], Link Economics Report prepared for Matthews Law (27 November 2025) at [66] and [68-69], and Matthews Law submission on Sol (2 February 2026) at [17]. Matthews Law notes that Mohawk's revenue is approximately 100 times larger than any New Zealand retail group. Matthews Law cross submission on SoUI (27 May 2026) at [3.64].

²²⁹ Matthews Law submission on Sol (2 February 2026) at [71-72].

²³⁰ Matthews Law submission on Sol (2 February 2026) at [73-74].

²³¹ Matthews Law cross submission on SoUI (27 May 2026) at 53.

²³² Link Economics Report prepared for Matthews Law (27 November 2025) at [10-11].

²³³ Matthews Law cross submission on Sol (19 February 2026) at [17] of Annex B.

²³⁴ Matthews Law cross submission on Sol (19 February 2026) at [20] and 41, and Matthews Law cross submission on SoUI (27 May 2026) at [3.65] and [3.70].

- A47.9 Godfrey Hirst is understood to operate Flooring Foundation retail network and this vertical integration means it is both a supplier and a direct/indirect retail competitor;²³⁵ and
- A47.10 in any case, countervailing market power fails as a defence unless the effect of that power is sufficiently broad so that competition in the market is not harmed.²³⁶
- A48. Anonymous C submits that retailer buying groups would not have countervailing power sufficient to constrain the merged entity, because:²³⁷
- A48.1 retailers could not easily switch from the merged entity to imported products or sponsor new entry as these retailers (even through the combined power of buying groups) could not risk losing Godfrey Hirst as a supplier in New Zealand given its size and scope of its offering; and
- A48.2 to the extent that any retailer groups have any limited countervailing power currently, it is likely this would be lost through the Proposed Acquisition which would remove Bremworth as the main other New Zealand manufacturer of wool carpets.
- A49. CBG submits that the Application significantly overstates the countervailing power of retailers and does not consider that customers of Godfrey Hirst would have sufficient countervailing power to constrain the merged entity.²³⁸
- A50. Anonymous B submits that Godfrey Hirst already exerts strong control over major retail groups.²³⁹
- A51. Anonymous H submits that Godfrey Hirst's submissions do not match the reality of power that it exercises in the carpet market and the combative relationship it has with retailer groups.²⁴⁰

²³⁵ Matthews Law submission on Sol (2 February 2026) at [78-80].

²³⁶ Link Economics Report prepared for Matthews Law (27 November 2025) at [12], [61-62] and [66-67].

²³⁷ Anonymous C submission on SoPI (18 November 2026) at [1.3(d)] and [3.8].

²³⁸ CBG submission on SoPI (11 November 2025) at [6(b)] and [38].

²³⁹ Anonymous B submission on SoPI (November 2025) at 2.

²⁴⁰ Anonymous H – Cross submission on Godfrey Hirst and Bremworth SoUI – Comments on Chapman Tripp on behalf of Godfrey Hirst submission (27 May 2026) at 12.