COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

ISBN 978-1-991414-90-8

Statement of Issues

Public Version

Beijer Ref/Refspecs

31 March 2026

Introduction

1. On 27 January 2026, the Commerce Commission (Commission) registered an application (the Application) from Beijer Ref Holdings Limited (Beijer Ref or the Applicant) seeking clearance to acquire 100% of the shares from Refrigeration Specialties Limited (Refspecs) (the Proposed Acquisition).[1]

2. As required by the Commerce Act 1986 (the Act), we assess mergers and acquisitions using the substantial lessening of competition test, which we describe further below.[2]

3. To grant clearance for the Proposed Acquisition, we must be satisfied that it will not have, or would not be likely to have, the effect of substantially lessening competition in a New Zealand market.

4. This Statement of Issues (SoI) sets out the potential competition issues we have identified following our initial investigation. This is so that Beijer Ref and Refspecs (together, the Parties) as well as other interested parties can provide us with submissions relating to those issues.

5. In reaching the preliminary views set out in this SoI, we have considered information provided by the Parties and other industry participants. We have not yet made any final decisions on the issues outlined below (or any other issues). Our views may change, and new competition issues may arise, as the investigation continues.

The issues we are continuing to investigate

6. Based on the evidence collected to date, we are not currently satisfied that the Proposed Acquisition would not be likely to substantially lessen competition in one or more relevant markets. We are continuing to investigate the competitive effects of the Proposed Acquisition.

7. Our preliminary view is that the product markets which best isolate the potential competition issues that might arise from the Proposed Acquisition comprise separate markets for the wholesale supply of:

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1 A public version of the Application is available on the case register on our website.

2 Commerce Act 1986, s 66(3).

7.1 hydrofluorocarbon refrigerants (HFC Refrigerants);

7.2 refrigeration equipment; and

7.3 refrigeration componentry.

8. However, we are continuing to consider the geographic dimension of each of these potential product markets, in particular whether supply options for trade customers differ across New Zealand such that it might be appropriate to define more localised, regional or island-wide markets.

9. Irrespective of the precise geographic scope of the relevant markets, the main issue we are considering relates to the wholesale supply of HFC Refrigerants. At this stage, we are not currently satisfied that the Proposed Acquisition would not substantially lessen competition due to unilateral effects, potentially enabling the merged entity to profitably increase prices charged to trade customers above the level that would prevail without the Proposed Acquisition and/or reduce quality of service. As a result, we are continuing to assess:

9.1 the closeness of competition between Beijer Ref and Refspecs in the supply of HFC Refrigerants and the degree of competition that would be lost as a result of the Proposed Acquisition;

9.2 the degree of constraint that alternative suppliers of HFC Refrigerants would provide on the merged entity;

9.3 the potential for new entry in the supply of HFC Refrigerants; and

9.4 the extent to which trade customers would have any countervailing power to constrain the merged entity in the supply of HFC Refrigerants.

10. We are also not currently satisfied that the Proposed Acquisition would not be likely to substantially lessen competition due to unilateral effects in markets relating to refrigeration equipment and refrigeration componentry. As a result, we are continuing to assess:

10.1 with respect to the wholesale supply of refrigeration equipment, whether competition occurs at a more localised or regional level and the degree of competitive constraint that existing wholesalers would impose on the merged entity; and

10.2 with respect to the wholesale supply of refrigeration componentry, whether there would be sufficient constraint from existing wholesalers or imports, whether new entry would be likely (or sufficient in extent and/or timeliness) and whether trade customers have any countervailing power to self-supply.

The issues that do not currently raise concerns

11. We are currently of the view that the Proposed Acquisition would not be likely to substantially lessen competition due to unilateral effects in any markets relating to the wholesale supply of air-conditioning units and/or air-conditioning componentry.

    11.1 With respect to air-conditioning units, any loss of competition between the Parties as a result of the Proposed Acquisition is likely to be limited, given Refspecs' minimal existing presence, and the presence of larger existing wholesalers of air-conditioning units would likely be sufficient to constrain the merged entity.

    11.2 With respect to air-conditioning componentry, the Parties compete no more closely with each other, than with any other wholesaler of air-conditioning componentry to supply trade customers. While the Parties wholesale a significant number of spare parts for air-conditioning systems under different brands,[3] and there is likely to be overlap with respect to the types of air-conditioning componentry that each supplies, there are other existing wholesalers, including well-resourced international players that also provide a range of similar types of componentry to the Parties.

12. In addition, we are currently of the view that the Proposed Acquisition would not be likely to substantially lessen competition due to coordinated effects in any relevant market. To date, we have not received any evidence to indicate that any relevant market is vulnerable to coordination, in particular due to the large volume of quotes being generated from customers that makes it harder for firms to observe and monitor rivals' prices and limited price transparency.[4]

    12.1 In the supply of refrigeration equipment and componentry, competition is characterised by brand and service differentiation which tend to weaken coordination incentives and sustainability of any coordinated outcome.

    12.2 In the supply of HFC Refrigerants, suppliers appear to face strong incentives to deviate from any coordinated outcome, customers appear to be price sensitive and there is volatility in carbon and foreign exchange markets which are features that tend to undermine the stability of coordinated behaviour.[5]

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[3] See Patton website https://pattonnz.com/ and Realcold NZ website https://www.realcold.co.nz/. See also Refspecs website https://www.refspecs.co.nz/.

[4] [ ]. See e-mails from [ ] and e-mail from [ ].

[5] [ ] indicated that customers tend to "shop around" for the best price, noting other than price, availability can sometimes be important. See Commerce Commission interview with [ ].

13. Further, we are currently of the view that the Proposed Acquisition would not be likely to substantially lessen competition due to vertical/conglomerate effects. The Proposed Acquisition would not result in any vertical integration, and we have not received any evidence to suggest that either of the Parties supply a "must have" product that would present new opportunities for the merged entity to bundle or tie products.[6]

14. As a result, we do not propose to further consider the potential for the Proposed Acquisition to give rise to horizontal effects in any potential markets for the wholesale supply of air-conditioning units or componentry, or to give rise to coordinated, vertical, or conglomerate effects in any market. However, we welcome any submissions on these points.

Process and timeline

15. We have agreed with Beijer Ref to extend the period in which to make a decision until **9 June 2026**. Further extensions may be agreed between the Commission and Beijer Ref.

16. We would like to receive submissions and supporting evidence from the Parties and other interested parties on the issues raised in this SoI. We request responses by close of business on **16 April 2026**, including a confidential and a public version of any submission made.

17. All submissions received will be published on our website with appropriate redactions.[7] Parties may cross-submit on the public versions of submissions received from other parties. Cross-submissions must be received by close of business on **23 April 2026**.

18. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

Our framework

19. The Act requires us to assess mergers and acquisitions using the substantial lessening of competition test. The Act, together with relevant case law, governs the way in which we consider all mergers, including the Proposed Acquisition. Our approach to

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6 For example, [ ] told us that while Refspecs' Dorin brand is important, there are other brands/options for refrigeration products such as BITZER and BOC, while [ ] considered that it would be "rare" for a wholesaler to have a "must have" brand, noting that the same component such as a valve, can be purchased from another supplier and it will do the same job. See Commerce Commission interviews with [ ] and [ ].

7 Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

this assessment is also based on the principles set out in our Mergers and Acquisitions Guidelines (Guidelines).[8]

20. We determine whether a merger or acquisition is likely to substantially lessen competition in a market by considering what would change with a merger. We do so by comparing the likely state of competition if a merger proceeds (the scenario with a merger, often referred to as the factual) with the likely state of competition if a merger does not proceed (the scenario without a merger, often referred to as the counterfactual).[9] This allows us to assess the degree by which the Proposed Acquisition might lessen competition.

21. Whether or not a lessening of competition as a result of a merger is substantial depends on the particular circumstances.[10] It is the degree to which competition has been lessened which is critical. A lessening of competition does not need to be felt across an entire market, or relate to all dimensions of competition in a market, for that lessening to be substantial. A lessening of competition that adversely affects a significant section of the market may be enough to amount to a substantial lessening of competition.[11] Further, in markets that are already concentrated, a smaller change in competition with a merger may amount to a substantial lessening of competition than would be the case in markets that are less concentrated to begin with.[12]

22. In considering the Application and assessing whether the Proposed Acquisition is likely to substantially lessen competition, our focus is on what would change with the Proposed Acquisition. Unless we are satisfied that any lessening of competition as a result of the Proposed Acquisition is not likely to be substantial, we cannot give clearance.[13]

The Parties

23. Both Beijer Ref and Refspecs are wholesalers that specialise in supplying refrigeration and air-conditioning equipment and spare parts, as well as refrigerant gases, to trade customers such as refrigeration and air-conditioning installers, servicers and technicians.

    23.1 Beijer Ref is wholly owned by Nasdaq-listed company, Beijer Ref AB (PUBL). Beijer Ref wholesales its products through its New Zealand-based subsidiary businesses, namely Patton Limited, Realcold NZ Limited, Clima Solutions Limited, HVAC Depot Limited and Kirby NZ Limited and these businesses have physical branches located throughout the country.[14]

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8 Commerce Commission, Mergers and Acquisitions Guidelines (May 2022).
9 *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].
10 *ANZCO Foods Waitara Ltd v AFFCO NZ Ltd* (2005) 11 TCLR 278 at [240] (CA).
11 *Dandy Power Equipment Pty Ltd v Mercury Marine Pty Ltd* (1982) 64 FLR 238; ATPR 40-315, 43,888.
12 M Sumpter, New Zealand Competition Law and Policy (CCH, Auckland, 2010) at 186-187, discussing the decision in *Air New Zealand v Commerce Commission* (2004) 11 TCLR 347 (HC).
13 *Commerce Commission v Woolworths* (CA) above n9 at [101].
14 The Application at [1.5]-[1.12].

23.2 Refspecs is owned by the Morgan Family and Refrigeration Specialties Trustee Limited. Refspecs operates a single distribution centre in Auckland with five physical branches at North Harbour (Albany), Auckland (Penrose), Tauranga, Hamilton and Christchurch.[15]

Relevant industry background

24. In this section, we set out some relevant background information on:

24.1 the supply chain for refrigeration products in New Zealand; and

24.2 the permit system for the importation and wholesale supply of HFC Refrigerants in New Zealand.

The wholesale supply chain for refrigeration products

25. Most refrigeration equipment and componentry is manufactured overseas and imported directly by trade customers or by refrigeration wholesalers into New Zealand.

25.1 There are some wholesalers that provide a manufacturing-type service in terms of providing bespoke and pre-assembled refrigeration 'systems' to suit the needs of the customer.[16]

25.2 However, most refrigeration wholesalers, including the Parties, on-sell refrigeration equipment and componentry to trade customers and these trade customers are the ones that undertake the installation of a new refrigeration system, or repair of a faulty component on behalf of the end-customer.[17]

26. Trade customers vary in size and geographical reach and often provide services to both the refrigeration and air-conditioning sectors. Installation, service, and repair work can vary in scale, and can be broadly categorised into:

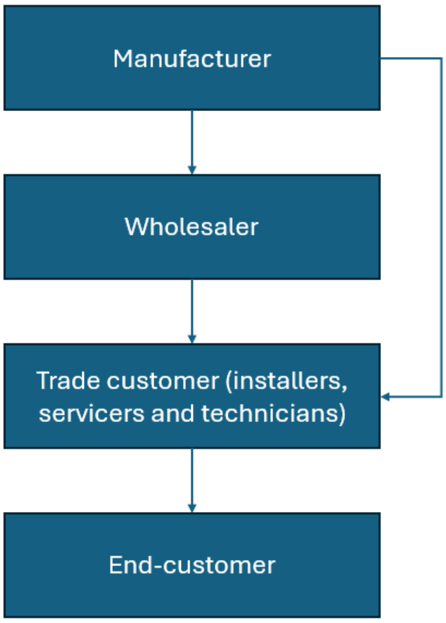
26.1 larger, commercial scale jobs, such as a major supermarket job requiring refrigeration and air-conditioning systems, typically involving an external consultant in the procurement process; and

26.2 smaller scale jobs, such as, for restaurants, cafes, and smaller supermarkets.

27. We also understand that trade customers may purchase refrigeration products directly from overseas manufacturers, by-passing wholesalers as depicted in Figure 1 below.[18]

[15] The Application at [2.3]-[2.4].
[16] Such as Cooling Equipment, Actrol, Beijer Ref and Refspecs.
[17] Examples of end customers are industrial customers (meat works, dairy farms), supermarkets and liquor stores. See the Application at [5.5].
[18] Adapted from Figure 1 of the Application at [5.5].

Figure 1: Representation of the functional levels of the market/supply chain



The permit system for HFC Refrigerants

28. HFC Refrigerants, which can be defined as a group of synthetic gases that can be used in both air-conditioning and refrigeration systems, are manufactured overseas and imported by permit holders who wholesale supply those refrigerants to trade customers within the refrigeration and air-conditioning industry in New Zealand.

29. The Environmental Protection Authority (EPA) is responsible for regulating the importation and exportation of HFC Refrigerants under the Ozone Layer Protection Act 1986 in Aotearoa, New Zealand.[19]

30. The Ozone Layer Protection Act 1986 and the Ozone Layer Protection Regulations 1996 (the Regulations) domestically ratify New Zealand's obligations under the Montreal Protocol -an international protocol created in 1987 under the 1985 Vienna Convention for the Protection of the Ozone Layer.[20] These international and domestic protocols aim to facilitate global cooperation in phasing out substances that deplete the ozone layer and requires countries to phase down HFC production and use by 85 percent by 2036.[21]

31. In October 2016, New Zealand adopted the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. The Kigali Amendment

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19 See EPA website https://www.epa.govt.nz/hazardous-substances/certificates-permits-and-permissions/hydrofluorocarbon-gases-hfcs-import-and-export/the-rules-for-hfcs/.

20 See Ministry for Environment website https://environment.govt.nz/what-government-is-doing/international-action/vienna-convention-and-montreal-protocol/kigali-amendment-to-the-montreal-protocol/.

21 Ibid.

requires parties of the Montreal Protocol to phase down HFC production.[22] On 31 December 2019, New Zealand law changed to reflect the Kigali Amendment and introduced a permitting system for imports and exports of HFC Refrigerants and prohibited manufacture of HFC Refrigerants. This came into force on 1 January 2020.[23]

32. Relevant to the Proposed Acquisition, there are two main categories of permits for the importation of HFC Refrigerants into New Zealand:

32.1 Grandparented permits – in 2019 there was a one-off opportunity for companies who imported new bulk HFC Refrigerants in 2015, 2016, or 2017 to apply to the EPA for grandparented permit eligibility to import HFC Refrigerants into New Zealand under the new permit system. If eligibility was granted, entities could apply yearly for grandparented permits up to the amount of the eligibility for each calendar year. Grandparented eligibility can also be transferred to another party by notifying the EPA. The Regulations allow up to 80 percent of the total number of new bulk HFC Refrigerant importation to be allocated through grandparented eligibility;[24] and

32.2 Special permits – these make up the remainder of the total number of permits allocated for the importation of new bulk HFC Refrigerants and must make up at a minimum, 20 percent. The EPA issues special permits annually, and the deadline for applications is 1 July each year.[25]

33. In addition to the traditional HFC Refrigerants that have been in use for some time, we understand there are new generation HFC Refrigerants and/or lower Global Warming Potential (GWP) HFC Refrigerants. However, the newer HFC Refrigerants are still subject to the same permit system since they contain HFCs, albeit their carbon dioxide (CO_2) equivalent is at lower levels than in traditional HFC Refrigerants.

34. Further, there are also natural refrigerant gases that do not contain any HFCs. Unlike HFC Refrigerants, we understand that there are no such restrictions around the importation of natural refrigerant gases. However, we also understand that refrigeration systems that are designed to use natural refrigerants tend to be different to refrigeration systems designed for HFC Refrigerants such that natural refrigerants are seldom substitutes for traditional HFC Refrigerants. Relevant to the

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22 Ibid.

23 See Ministry for Environment website https://environment.govt.nz/what-government-is-doing/international-action/vienna-convention-and-montreal-protocol/ and EPA website https://www.epa.govt.nz/hazardous-substances/certificates-permits-and-permissions/hydrofluorocarbon-gases-hfcs-import-and-export/types-of-import-permit-and-how-to-apply/.

24 For example, both Beijer Refs (through Realcold NZ Limited and Patton Limited) and Refspecs applied for and were granted, grandparented eligibility permits. See EPA website https://www.epa.govt.nz/assets/Uploads/Documents/Hazardous-Substances/Kigali/HFC-special-permit-proposed-decision-for-2026-v2.pdf.

25 For example, for the calendar year 2026, Refspecs was granted 13.50% of the total special permits' allocation.

Proposed Acquisition, we understand that [ ].[26]

Market definition

35. Market definition is a tool that helps identify and assess the competitive constraints a merged firm is likely to face. Determining the relevant market requires us to judge whether, for example, two products are sufficiently close substitutes as a matter of fact and commercial common sense to fall within the same market.[27]

36. We define markets in the way that we consider best isolates the key competition issues that arise from the Proposed Acquisition. In many cases this may not require us to precisely define the boundaries of a market. What matters is that we consider all relevant competitive constraints, and the extent of those constraints. For that reason, we also consider products which fall outside the market, but which still impose some degree of competitive constraint on the merged entity.[28]

37. We are yet to form a final view on the exact scope of the relevant market(s) for assessing the competitive effects of the Proposed Acquisition. However, for the purposes of this SoI, our preliminary view is that the product markets which would best isolate the potential competition issues that might arise from the Proposed Acquisition are markets for the wholesale supply of:

    37.1 HFC Refrigerants;

    37.2 refrigeration equipment; and

    37.3 refrigeration componentry.

38. In defining the above markets, we have focused our consideration on the potential product and geographic dimensions of the markets because we have consistent feedback on the relevant functional and customer dimensions of any likely markets.

    38.1 Beijer Ref and Refspecs compete at the wholesale level of the refrigeration industry and so the relevant functional dimension is the wholesale supply level.

    38.2 Wholesale suppliers of refrigeration equipment, refrigeration componentry, and HFC Refrigerants almost always supply to trade customers (such as installers) rather than directly to end-customers[29] and so we do not consider it necessary to define any particular customer groups for the purposes of isolating the competitive effects arising from the Proposed Acquisition.

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26 Commerce Commission [ ] and Commerce Commission interview with [ ].

27 Mergers and Acquisitions Guidelines above n8 at [3.7]-[3.8].

28 Section 3(1A) of the Commerce Act 1986. See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81] and Mergers and Acquisitions Guidelines above n8 at [3.7]-[3.10].

29 The Application at [5.3] and Commerce Commission interviews with [ ] [ ] and [ ].

38.2.1 While there appears to be a range of different types of end-customers (whose requirements can differ),[30] we are not aware of examples where wholesale suppliers can discriminate between trade customers. This is because trade customers tend to supply a broad range of end-customer types and so generally face the same competitive alternatives.[31]

38.2.2 While we are aware that wholesale suppliers often apply volumetric discounting (particularly for refrigeration equipment and componentry),[32] we understand that these discounts intend to promote customer loyalty, rather than these discounts reflecting differences in the competitive options of trade customers of varying sizes.

Submissions from Beijer Ref

39. In the Application, Beijer Ref submits that, consistent with how the Commission has previously considered relevant markets in this industry, the Proposed Acquisition is best assessed within:[33]

39.1 regional markets for the wholesale supply of refrigerants, which includes the HFC Refrigerants that are used in refrigeration and air-conditioning equipment. Similar to refrigeration components, Beijer Ref considers that refrigerants are supplied from regional branches and so the geographic dimensions for this wholesale market can be assessed at a regional level;[34]

39.2 a national market for the wholesale supply of refrigeration equipment. This market would include the whole, or complete, refrigeration 'system' that, at the very least would include a unit cooler, a condensing unit, air cooling condensers and compressor racks. Examples of this type of system include a beer coolroom and milk depot storage units. Beijer Ref considers that wholesalers tend to supply these systems to customers throughout the

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30 Including smaller restaurants and liquor stores, up to large supermarkets and industrial customers who can have different requirements in terms of equipment size and specifications.

31 For example, [ ] provides installation and repair services to [ ]. Similarly, [ ] also services [ ], as well as [ ]. While [ ] also services [ ], it noted that the majority of its services are towards installation of [ ] refrigeration systems. See Commerce Commission interviews with [ ], [ ] and [ ].

32 See e-mail from [ ] and Commerce Commission [ ]. Trade customers that we spoke with indicated that refrigerants are often excluded with respect to rebate schemes. See Commerce Commission interviews with [ ] and [ ].

33 The Application at [5.6]-[5.7] with reference to Commerce Commission – B100 Limited and Realcold Limited [2015] NZCC 25 and Commerce Commission "Beijer Ref AB / Heatcraft New Zealand / Kirby NZ" (investigation closure report, 22 December 2020).

34 The Application at [5.18]-[5.23]. Beijer Ref submits that there are also alternative, natural refrigerants like carbon dioxide. See the Application at [5.20].

country and so it considers the wholesale market for these systems is a national one;[35]

39.3 regional markets for the wholesale supply of refrigeration components, which includes the supply of all the various spare parts and/or ancillary parts that can be used in a refrigeration unit or system. In this respect:[36]

39.3.1 because all wholesalers stock an extensive range of spare parts that can be used in different refrigeration equipment, Beijer Ref considers it is appropriate to aggregate all the different spare parts in the same wholesale supply 'components' market; and

39.3.2 because wholesalers operate branches in different regions, Beijer Ref considers that the geographic dimension of this supply can be assessed at a regional level. However, it also considers that these components are supplied on a national level similar to the supply of the actual refrigeration systems.

40. For each of these markets, Beijer Ref considers the relevant wholesale customers are trade customers, which are the installers, servicers and technicians of refrigeration and air-conditioning equipment, and components they supply. Neither Beijer Ref nor Refspecs provides any installation services alongside the equipment and spare parts they supply.[37]

Our framework for assessing the relevant markets

41. The conceptual framework we use when we define the relevant market in a merger involves a 'hypothetical monopolist test'. We ask whether a hypothetical monopolist could profitably impose a small, but significant, non-transitory increase in price (a SSNIP) of at least one of a merged firm's products or services. This will be the case when there are few good substitutes to the product or service in question.[38]

42. We consider substitution by both customers and suppliers and ask, if prices increased, whether:[39]

42.1 customers would switch sufficient purchases to alternative products, services or locations so that a SSNIP is not profitable (customer or demand-side substitution); and/or

42.2 rival firms (having observed an increase in price) would easily, profitably and quickly (generally within one year) switch production to the products,

35 The Application at [5.10]-[5.13]. Beijer Ref and Refspecs also undertake the assembly of refrigeration equipment, marketed under their own brands (pre-assembled) and custom-make refrigeration equipment to suit end customers' specific requirements. See the Application at [5.11].

36 The Application at [5.14]-[5.17].

37 Commerce Commission [ ] and Commerce Commission interview with [ ].

38 Mergers and Acquisitions Guidelines above n8 at [3.17]-[3.18].

39 Mergers and Acquisitions Guidelines above n8 at [3.16].

services or locations in question without significant cost so that a SSNIP is not profitable (supplier or supply-side substitution).

43. In instances where a number of markets exhibit similar competitive characteristics, we may, for ease of reference, refer to them as a single class of market for the purposes of the competitive assessment.[40]

Our current view on the relevant product dimensions

44. Based on the evidence before us to date, we consider it to be appropriate for the purposes of this SoI to assess separate product markets for:

44.1 HFC Refrigerants – synthetic gases used in new refrigeration and air-conditioning systems and repairs of HFC-dependent systems for the purpose of heat transfer throughout the system;

44.2 Refrigeration equipment - comprising all varieties of the core capital plant/pieces of equipment for refrigeration systems of all sizes, including unit coolers, condensing units and accessories, air cooled condensers, and compressor racks; and

44.3 Refrigeration components - spare and/or ancillary parts that can be used in the installation, repair, and maintenance of refrigeration systems such as compressors, valves, copper tubing for example.

Discrete product market for HFC Refrigerants

45. Both the Parties supply HFC Refrigerants and there is likely to be a discrete product market for HFC Refrigerant gases as they are quite discrete from other types of gases such as natural refrigerants.

46. On the demand side, we have heard that there are very few instances where a customer could substitute between an HFC Refrigerant and a natural refrigerant. Systems are designed to run/be dependent on particular refrigerants, and so a customer's options are restricted to compatible gases after purchasing a refrigeration system.[41]

46.1 While in theory a customer could substitute between different refrigerant gases at the point of choosing a new refrigeration system, this decision would be influenced by factors beyond the relative price of each gas. For instance, industry trends away from HFC Refrigerants indicate that for new installs, HFC Refrigerant systems and natural refrigerant systems are no longer both viewed as interchangeable options and so switching is unlikely. In addition, environmental concerns and the gradual phasing down of HFC Refrigerants under the import permit system have resulted in the majority of new installations being for natural refrigerant systems (like CO2), while HFC

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40 Mergers and Acquisitions Guidelines above n8 at [3.13].

41 Commerce Commission interviews with [ ] and [ ].

Refrigerants are predominantly bought and sold to maintain existing HFC-dependent systems.[42] This indicates that customers are unlikely to switch back to HFC Refrigerants once they have installed a new natural refrigerant-dependent system.

46.2 Since customers of HFC Refrigerants are generally purchasing for repairs and maintenance, we consider that these customers are not able to substitute away from HFC Refrigerants towards natural refrigerants in response to an increase in price, without replacing the entire refrigeration system.

47. On the supply side, suppliers face material barriers to adjusting their volumes of HFC Refrigerants as a consequence of the import permit system. Any supplier – including existing suppliers of HFC Refrigerants – would require additional special or grandparented permit eligibility to increase their volumes of HFC Refrigerants, or alternatively import lower GWP HFC Refrigerants. We do not consider any of these approaches to be sufficient to defeat a SSNIP in the supply of HFC Refrigerants.

47.1 Grandparented permit eligibility is fixed and the total volume of eligibility is declining as part of a phasing down of HFC Refrigerants to 2036.[43] These proportions are no longer contestable and so grandparented eligibility can only be acquired through transfer from existing permit holders (either permanently or temporarily).[44] While this does occur, it is relatively rare,[45] and so we place less weight on the likelihood of this occurring.

47.2 While a natural refrigerant wholesaler can apply for special permits, we are not satisfied that this would be sufficient to defeat a SSNIP in the wholesale supply of HFC Refrigerants. The annual allocation of special permits[46] limits the timeliness of any supply side response. Similarly, the magnitude of any response is restricted by the inability of an applicant to guarantee volumes year-on-year. This is resulting in special permits generally being oversubscribed given the 20% overall availability of HFC Refrigerant imported volumes through special permits.[47]

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[42] Commerce Commission interviews with [ ], [ ] and [ ].

[43] The Application at [5.22] and Commerce Commission interview with [ ].

[44] Commerce Commission interview with [ ].

[45] While [ ] and [ ] have not sought to acquire to sell any grandparented permits in the last few years, [ ], but considered that there is a limited pool to buy from. See e-mail from [ ] and Commerce Commission interviews with [ ] and [ ].
[ ]. See Commerce Commission interview with [ ].

[46] Commerce Commission interviews with [ ] and [ ].

[47] Commerce Commission interview with [ ] and [ ].

47.3 It is possible for a wholesaler to increase the volume of HFC Refrigerants they import on a given permit by importing lower GWP HFC refrigerants.[48] However, wholesalers need to be an existing holder of importation permits and are likely to already be incentivised to supply lower GWP HFC Refrigerants to maximise the volumes that they can import.

48. We consider that there are also barriers to an HFC Refrigerant wholesaler substituting volumes towards natural refrigerants as a consequence of different handling and storage requirements due to the flammable nature of many natural refrigerants and existing large suppliers.[49]

49. While there is limited demand side substitution between certain HFC Refrigerants, we consider that it is appropriate to assess all HFC Refrigerants in the same market as there is sufficient similarity in the competitive dynamics across these types of gases. For example: [50]

49.1 many HFC Refrigerants can be substituted with other similar types of HFCs;

49.2 suppliers of HFC Refrigerants tend to supply a broad range of the gases; and

49.3 all HFC Refrigerants are subject to the same import permit rules.

Separate product markets for refrigeration equipment and refrigeration componentry

50. Both Beijer Ref and Refspecs wholesale refrigeration equipment and refrigeration componentry. However, at this stage, we consider that refrigeration equipment and refrigeration componentry are sufficiently different, as there is limited demand and supply side substitutability between them, such that it is appropriate to assess each separately.

50.1 On the demand side, refrigeration equipment is primarily purchased for new installations, whereas componentry is more often acquired for repairs and maintenance of existing systems.[51] We also understand that trade customers do not commonly purchase refrigeration equipment as a result of its underlying componentry. Therefore, trade customers generally cannot substitute between equipment and componentry for the same job.

50.2 On the supply side, while existing suppliers of both are likely to be able to substitute between refrigeration equipment and refrigeration componentry, there are a range of wholesalers who do not supply both who we consider would face challenges in this substitution. This is because we understand that scale is important to profitably supply refrigeration componentry given that

48 Permits allow certain CO2 equivalent tonnes to be imported annually. Lower GWP HFC Refrigerants have lower values, so larger volumes can be brought in on a given permit.

49 Commerce Commission interviews with [ ] and [ ].

50 Commerce Commission [ ] and Commerce Commission interviews with [ ] and [ ].

51 [ ] indicated that nine out of ten componentry sales are for repairs and maintenance. See Commerce Commission [ ].

certain componentry can be quite small and can have low unit costs relative to the cost to import.[52] To profitably substitute towards supplying refrigeration componentry a wholesaler would therefore be required to switch material volumes in order to be price competitive with suppliers that already have scale. We have heard that to import such volumes requires high capital investment.[53]

51. We also understand that it is standard industry practice to distinguish between 'equipment' or 'capital plant' products and 'componentry' or 'spare parts.'

Discrete product market for refrigeration equipment

52. There are a variety of products that can be described as refrigeration equipment. However, consistent with the Applicant, we consider it is appropriate to assess refrigeration equipment collectively as a "cluster market" or as a "one-stop-shop." Despite individual products performing distinct functions in that there is limited demand side substitution between different pieces of equipment, the evidence suggests competitive dynamics within a product category for refrigeration equipment to be sufficiently similar. For example:

52.1 We understand that most suppliers of refrigeration equipment provide a comprehensive range of equipment, so that trade customers face the same supply alternatives regardless of the equipment they require. We also understand that the procurement process is the same for all types of equipment given that different types of equipment of the same brand are often acquired from the same manufacturers.

52.1.1 While some wholesalers focus on supplying refrigeration equipment of different capacities, we understand that suppliers do tend to offer equipment of a broad spectrum of capacities.[54]

52.1.2 As overlap exists despite a level of differentiation based on capacities, we have elected to consider this in our assessment of unilateral effects. However, we consider that the outcome of our assessment would not change depending on whether we assess this as part of market definition or closeness of competition between the Parties.

52.1.3 Customers often purchase a range of different pieces of refrigeration equipment in one quote and often acquire a whole refrigeration

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[52] Commerce Commission interview with [ ], [ ], [ ] and [ ].

[53] For example, [ ] indicated that it would need to bring in and hold stock which would involve large capital outlay. See Commerce Commission interview with [ ].

[54] For example, [ ] focusses on lower capacity equipment while [ ] focusses on supplying higher capacity equipment. [ ]. See e-mails from [ ] and e-mail from [ ].

system (comprised of pieces of refrigeration equipment).[55] In-house expertise and support to design the full system comprises part of a wholesaler's value offering. This suggests that wholesalers often compete to sell this full system, not just the individual pieces of equipment.[56]

53. We also consider both Parties overlap in the procurement process and wholesalers generally supplying a comprehensive range of different equipment (including supplying full systems comprised of various pieces of refrigeration equipment) suggest that firms could easily, profitably and quickly switch production between different types of equipment.

54. We therefore consider it is appropriate to cluster individual equipment products into a single broader refrigeration equipment product market.

Discrete product market for refrigeration componentry

55. Similar to refrigeration equipment, and also consistent with the Applicant, we consider it appropriate to assess refrigeration componentry as a "cluster market" or as a "one-stop-shop." Despite individual pieces of refrigeration componentry performing a distinct function in that there is limited demand side substitution between different componentry types, the evidence suggests the competitive dynamics within each product category to be sufficiently similar.

    55.1 On the demand side, while trade customers cannot necessarily substitute between particular componentry for individual jobs, over time as they respond to a range of different installation and maintenance requests, they are likely to acquire much of the range of refrigeration componentry products.

    55.2 On the supply side, we understand that most large wholesalers do provide a comprehensive range of refrigeration componentry and so are likely to be able to substitute supply without material sunk cost as a result of already having existing supplier relationships and the necessary product specific expertise. As a result of large suppliers stocking a comprehensive range, customers' supply alternatives are unlikely to differ materially depending on the type of component they are seeking.[57]

56. Due to these similarities, we consider it is appropriate to cluster individual componentry products into a single broader componentry market.

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55 [ ]. See e-mails from [ ].

56 [ ] indicates that multiple pieces of equipment is often contained in a single quote. See e-mails from [ ].

57 See discussion on "Unilateral effects in the wholesale supply of refrigeration componentry" below.

Next steps in assessing the product dimension

57. We invite further information and/or submissions on our approach to defining the product dimension of the relevant markets. In particular, we are interested in:

  57.1 the extent to which trade customers and/or end-customers substitute between HFC Refrigerants and natural refrigerants;

  57.2 the extent to which wholesale suppliers of each of refrigeration equipment, refrigeration componentry, and HFC Refrigerants respectively tend to supply a comprehensive range of products and the extent to which suppliers of a more limited range can compete with suppliers stocking a wide range of products;

  57.3 the extent to which wholesale suppliers of each of refrigeration equipment, refrigeration componentry, and HFC Refrigerants tend to substitute between supplying different products in response to price changes; and

  57.4 the extent to which there are any "must have" brands or products and/or any brands or products where customers face fewer alternatives to the merging parties.

Our current view on the relevant geographical dimensions

58. Both Beijer Ref and Refspecs, as well as some other refrigeration wholesalers, operate branch networks across the country. This indicates that competition between wholesalers might occur at a localised, or regional level rather than at a national level as suggested by the Applicant.

59. We have some evidence to indicate that the geographical scope of any refrigeration product market may be based around branch location or by Island. For example:

  59.1 for HFC Refrigerants, some wholesalers tend to largely quote refrigerants from regional branches and we observe very limited out-of-region quotes from any given branch;[58]

  59.2 for refrigeration equipment, we understand that some wholesalers tend to respond to quotes on an island-wide basis;[59] and

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58 See e-mails from [ ].

59 [ ]. See Commerce Commission interview with [ ] and e-mail from [ ]. While [ ]. See e-mails from [ ].

59.3 for refrigeration componentry, transportation costs can be large for smaller purchases where the cost of freight cannot be spread over larger volumes.[60] Additionally, we have heard that a wide branch network is important for competition, both in terms of ensuring availability of product for urgent repairs and cash sales,[61] and brand exposure and establishing customer relationships.[62]

60. However, other evidence we have received tends to support the Applicant's view that competition tends to occur at a national level for all relevant products.

60.1 For HFC Refrigerants, many market participants indicated that they supply on a national basis and indicated that transport costs for HFC Refrigerants are very low when comparted to the cost of the gas.[63]

60.2 For refrigeration equipment, transportation is not particularly cost-prohibitive for larger purchases (which pieces of refrigeration equipment often are).[64] Refrigeration componentry is similarly often shipped around the country, with a more local presence only necessary in some instances, such as time-critical repairs. Consistent with this, we understand wholesalers hold most stock in a main warehouse or distribution centre, with stock also being sent between branches from time to time.[65]

60.3 For both refrigeration equipment and componentry, we heard that there is generally no localised pricing, with prices being broadly the same across both

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[60] Commerce Commission interviews with [ ] and [ ]. Notwithstanding this, we have heard that freight for some smaller componentry can be as simple as sending them in a courier bag at minimal cost. E-mail from [ ].

[61] The Parties both indicated that they do not have data on the [ ]. Beijer Ref indicated that [ ]. See e-mail from [ ] and e-mail from [ ].

[62] [ ] only considers the Beijer companies when it cannot get what it requires from anywhere else, noting they are more costly/expensive. While [ ] still deals with the Beijer Ref companies [ ], it considers that it does not have the same relationship building conversations with Beijer Ref, indicating that it is [ ]. See Commerce Commission interviews with [ ] and [ ].

[63] See Commerce Commission interviews with [ ] and [ ].

[64] Commerce Commission interviews with [ ] and [ ].

[65] For example, [ ]. Commerce Commission interview with [ ].

islands of the country.[66] A national approach is also consistent with our review of internal documents provided by the Parties.[67]

61. We continue to assess the appropriate geographic scope of each potential product market.

Next steps in assessing the geographic dimension

62. We invite further information and/or submissions on our approach to the geographic dimension for each product market. In particular, we are interested in:

    62.1 the extent to which refrigeration equipment, refrigeration componentry, and HFC Refrigerants wholesalers can and do supply nationally;

    62.2 the extent to which there are material transport costs to supply refrigeration equipment, refrigeration componentry, and HFC Refrigerants nationally, or to other regions in the country; and

    62.3 for refrigeration componentry, the extent to which a country wide branch network is essential to compete effectively, and the rationale for this.

With and without scenarios

63. Assessing whether a substantial lessening of competition is likely requires us to:

    63.1 compare the likely state of competition if the Proposed Acquisition proceeds (the scenario with the merger, often referred to as the factual) with the likely state of competition if it does not (the scenario without the merger, often referred to as the counterfactual); and

    63.2 determine whether competition is likely to be substantially lessened by comparing those scenarios.

64. As a practical matter in a merger context, we usually focus our analysis on the likely counterfactual we consider is the most competitive. This 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.[68]

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66 Commerce Commission interviews with [ ] and [ ].

67 [ ]. See e-mails from [ ]. See also e-mail from [ ].

68 Mergers and Acquisitions Guidelines above n8 at [2.33].

65. In both the factual and counterfactual, the annual limit on importation of HFC Refrigerants in New Zealand would be phased down so that by 2036, the level of imports would be at a significantly reduced level.[69] We have adjusted our analysis of the Proposed Acquisition to reflect that this reduction in volumes (and any flow on effects) would occur both with and without the Proposed Acquisition. We do this by including these effects in both our factual and counterfactual scenarios and focussing solely on how these effects would differ in both scenarios. Adjusting our analysis in this way enables us to isolate the effects of the Proposed Acquisition.

With the Proposed Acquisition

66. Beijer Ref seeks clearance to acquire 100% of the shares in Refspecs. With the Proposed Acquisition, Refspecs would be brought under Beijer Ref's ownership.[70] We understand that Refspecs would operate as a separate subsidiary under the broader Beijer Ref umbrella.

Without the Proposed Acquisition

67. In the Application, Beijer Ref submits that without the Proposed Acquisition:[71]

    67.1 Refspecs would continue to operate independently from and compete with Beijer Ref as it does today, under existing or new ownership; and

    67.2 Beijer Ref would continue to operate independently from and compete with Refspecs as it does today, under existing ownership.

68. Our preliminary view is that it is appropriate to assess the Proposed Acquisition against a counterfactual in which Beijer Ref and Refspecs continue to compete, because this would be the most competitive likely counterfactual.

Summary of approach to our competition assessment

69. We are currently not satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in one or more relevant markets due to unilateral effects.

70. 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 profitably increase price above the level that would prevail without the merger without the profitability of that increase being thwarted by rival firms' competitive responses.[72]

71. At this stage, our main competition concern relates to the loss of existing competition between the Parties in the wholesale supply of HFC Refrigerants. The Parties hold a significant share of the permits that allow wholesalers to supply HFC

[69] See EPA website https://www.epa.govt.nz/hazardous-substances/certificates-permits-and-permissions/hydrofluorocarbon-gases-hfcs-import-and-export/the-rules-for-hfcs/hfcs-numerical-values/.

[70] The Application at Executive Summary (p4) and [4.3].

[71] The Application at [4.3].

[72] Mergers and Acquisitions Guidelines above n8 at [3.62].

Refrigerants and we are assessing further whether the removal of competition between Beijer Ref and Refspecs in the supply of HFC Refrigerants would result in any unilateral effects.

72. In addition, we are also continuing to assess the potential for unilateral effects as a result of the Proposed acquisition in the wholesale supply of refrigeration equipment and the wholesale supply of refrigeration componentry.

73. We explain our reasons for our current views below and invite submissions on them.

Unilateral effects for the wholesale supply of HFC refrigerants

74. We are currently not satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in the wholesale supply of HFC Refrigerants. At this stage, we understand that:

 74.1 currently Beijer Ref and Refspecs individually hold significant shares of the grandparented permit pool for HFC Refrigerants and the Proposed Acquisition would result in the merged entity holding the largest share of the grandparented permits pool;

 74.2 there is current competition between the Parties in the wholesaling of HFC Refrigerants and so the Proposed Acquisition would remove this existing competition;

 74.3 entry and expansion would likely be limited due to the permit system such that expansion from existing permit holders (whether refrigeration wholesalers and/or suppliers) and/or new entry may not constrain the merged entity; and

 74.4 for the same reasons, end-customers and/or users of HFC Refrigerants are unlikely to have a countervailing power because the permit system might limit their ability to self-supply their HFC Refrigerant requirements.

Summary of the Applicant's views

75. In the wholesale supply of refrigerants, the Applicant submits:[73]

 75.1 the merged entity would to be constrained by other importers of HFCs (ie, other holders of grandparented permits such as Azelis New Zealand Limited and A-Gas, and suppliers that are allocated special permits);

 75.2 the merged entity would be constrained by suppliers of alternative (ie, non-HFC) refrigerants. Beijer Ref considers these alternatives are likely to increase over time as refrigeration equipment using HFC Refrigerants is retired; and

 75.3 the merged entity would be constrained by the 'use it or lose it' provisions of The Ozone Layer Protection Amendment Regulations 2018 in respect of

[73] The Application at Executive Summary (p4), [5.18]-[5.23] and [8.1]-[8.9].

permits for the importation of HFCs. Beijer Ref considers this may create an incentive for the merged entity (and other permit holders) to supply excess grandparented eligibility to competitors.

Our current view on the wholesale supply of HFC Refrigerants

76. At this stage, we have concerns with the level of aggregation in permits for the importation of HFC Refrigerants that would occur with the Proposed Acquisition, and we are currently not satisfied that the merged entity would face sufficient constraint from rivals or potential new entrants.

77. The ability to access and supply HFC Refrigerants is regulated by the permit system and we understand that supply is highly price-driven, reflecting both access to permits and the price of carbon units.[74] This is because all HFC Refrigerants of the same type are considered to be essentially the same, with one trade customer noting that while there are different brands available, chemically they are the 'same thing'.[75]

78. To this extent, trade customers do not appear to be loyal to one supplier and are willing to switch suppliers of HFC Refrigerants depending on price and availability. Given this, our assessment is focusing on which entities have permits to be able to import and supply HFC Refrigerants.

79. Table 1 below lists the current grandparented permit holders. The Parties make up two of the top three largest holders of grandparented permits. Post-acquisition, the merged entity would hold the largest share of grandparented permits in aggregate and the Proposed Acquisition would remove the existing competition between Beijer Ref and Refspecs in the supply of HFC Refrigerants.

Table 1: Holders of grandparented eligibility (2026)

Importer	Percentage of eligibility pool
Beijer Ref	28.9%
Refspecs	17.0%
Merged entity	*45.9%*
Azelis New Zealand Limited	29.2%
Temperzone Limited	8.0%
ILYS Limited	2.9%
AHI Carrier (NZ) Limited	2.7%
CoolDrive Limited	1.5%
Glowbal NZ	1.3%
Elementum Specialities Limited	0.7%
General Distributors Limited	0.5%
Bayswater International Pty Limited	0.4%

74 Commerce Commission interviews with [ ], [ ] and [ ].

75 Commerce Commission interview with [ ].

Importer	Percentage of eligibility pool
Pan Pacific Auto Electronics Limited	0.4%
Era Polymers NZ Limited	0.3%
Fire Protection Technologies Limited	0.2%
CRC Industries New Zealand	<0.1%
ASGC NZ Limited	<0.1%
All others	5.8%
Total	**100.0%**

Source: EPA – grandparented eligibility pool comprises 80% of the total importation permits.

80. At this stage, we are not yet satisfied that the merged entity would be materially constrained in the supply of HFC Refrigerants by existing competitors. As indicated by Table 1 above, we understand that:

 80.1 the merged entity would possess the largest share of the grandparented permit eligibility with close to 50% of the eligibility pool;

 80.2 there is only one other entity, Azelis New Zealand Limited, that would have a material share of the grandparented permit eligibility; and

 80.3 many of the permit holders import HFC Refrigerants for their own use and so may not be direct competitors to the merged entity.

81. As wholesalers require access to permits, we understand that access is currently impacting on suppliers' ability to compete with the Parties and this would also likely impact on their ability to compete with the merged entity.[76]

82. To successfully compete for customers, an existing competitor (or potential new entrant) would likely need to gain access to new or additional permits. Access to permits can occur in two ways:

 82.1 by acquiring an existing grandparented permit (partially or whole); and/or

 82.2 acquiring a special permit to import HFC Refrigerants into New Zealand.[77]

83. However, it appears there could be significant barriers to existing suppliers expanding or new entrants entering, due to the quota restrictions imposed by the permit system, and the scarcity of grandparented permits available for purchase.

84. At this stage, we are not currently satisfied that expansion by existing suppliers of HFC Refrigerants or entry by new competitors is likely to be sufficient and timely to

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[76] One competitor noted it was currently supplying common HFC Refrigerants, but that it was looking to get away from this, citing that older systems use refrigerants that are hard to get, or because there is only one supplier available. Commerce Commission interview with [ ]. See also Commerce Commission interviews with [ ] and [ ].

[77] We note for clarification, grandparented permits are no longer contestable and can only be acquired from existing permit holders, which involves notifying the EPA.

prevent an exercise of market power by the merged entity in the supply of HFC Refrigerants.

84.1 In terms of grandparented permits, we understand that these permits are seldomly made available to other industry participants. For example:

84.1.1 while there is a ‘use it or lose it’ provision in the Regulations, there is very little evidence to indicate that any existing holder has lost its eligibility due to lack of use;[78] and

84.1.2 there is very little evidence of permits being transferred to new holders on a permanent basis.[79]

84.2 In term of access to special permits, we understand that demand for these tends to be oversubscribed and there is no guarantee that those seeking a special permit would be able to access one.[80]

84.2.1 The special permits pool only makes up 20% minimum of the total HFC Refrigerant imports market in New Zealand. We consider this limited pool is unlikely to allow a new entrant or existing competitor to import HFC Refrigerants at a competitive volume.[81]

84.2.2 Special permits are granted annually, which means any new entrant or existing competitor would need to apply for a special permit for the following year. We consider that this would also limit the ability of a new entrant or existing competitor to enter or expand in the HFC refrigerants market in a timely manner.

85. For existing rivals to expand in response to an increase in price by the merged entity without acquiring additional permits, they would require unused permits in order to increase their volumes and absorb customers seeking to switch. While we have heard that the trend towards lower GWP HFC Refrigerants has allowed greater volume to be brought in for each permit,[82] we are not currently satisfied that

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78 [ ]. See Commerce Commission interview with [ ].

79 [ ]. See Commerce Commission interview with [ ].

80 Commerce Commission interviews with [ ] and [ ].

81 For example, one competitor noted that a new entrant may not be able to get enough allocation to bring in an economic quantity of gas, explaining that if you were to bring in less than a 20-foot container full of HFC refrigerants, the costs would ‘balloon’. Commerce Commission interview with [ ].

82 See Commerce Commission interviews with [ ] and [ ].

additional capacity exists in the market such that it will act as a sufficient constraint on the merged entity.

85.1 We consider that if existing rivals had spare capacity in grandparented eligibility they would not be applying for additional special permits: Refspecs, Glowbal NZ, Elementum Specialities Limited, and ILYS Limited all received Special Permits for 2026.[83] We also consider that applications for special permits would not be oversubscribed (as we have heard they are)[84] if there were additional capacity in the market, and special permits require rigorous applications including specifying and justifying the exact volumes required.[85]

85.2 We consider that if sufficient additional capacity to constrain the merged entity existed for a sustained period of time, then this would have been likely to trigger the 'use-it-or-lose-it' provision in the Regulations.[86] [ ].[87]

85.3 Even if there were additional capacity in the market, as volumes naturally decline over time under the permit system,[88] any additional capacity is also likely to decline.

86. The limited access to permits also means that we are currently not satisfied that any potential countervailing power from customers, either through self-supply or sponsorship of new entry would be sufficient to constrain the merged entity.

86.1 Trade customers with existing permits might be protected to some extent from the actions of the merged entity because they have an existing ability to self-supply their HFC Refrigerants requirements with their own permit eligibility.

86.2 However, this might not be the case for trade customers seeking to increase the amount of HFC Refrigerants they use, or for any new trade customer, for the same reason as those outlined above. That is, the ability to self-supply is determined by access to either an existing grandparented permit (either partial or whole), or by applying for a special permit to meet their HFC Refrigerant needs, as discussed above.

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83 See "HFC special permit decision for 2026 Appendix 1" (September 2025), available at https://www.epa.govt.nz/assets/Uploads/Documents/Hazardous-Substances/Kigali/HFC-special-permit-decision-for-2026-Appendix-1.pdf.

84 See Commerce Commission interviews with [ ], [ ] and [ ].

85 E-mail from [ ] and [ ].

86 The Regulations at 7E(2).

87 See Commerce Commission interview with [ ].

88 See Commerce Commission interview with [ ].

87. We are not currently satisfied that market trends to move away from HFC Refrigerant systems to natural refrigerant systems, and the declining volume of permits over time to 2036 are sufficient to exclude the real chance of a substantial lessening of competition.[89] The evidence before us suggests that a market for HFC Refrigerants is likely to persist, even if at reduced levels.

    87.1 The long lifespan of refrigeration systems (up to 20 years) means there are likely to be customers who would not be seeking to replace their existing refrigeration system (and therefore to consider switching to a natural refrigerant refrigeration system) for some time.[90]

    87.2 We understand that certain smaller end-customers currently cannot afford natural refrigerant systems and so remain reliant on HFC Refrigerant-dependent systems.[91]

    87.3 While volumes of HFC Refrigerant will decline over time under the permit system, permits will still be available beyond 2036. This indicates that supply of HFC Refrigerants is likely to remain beyond the phase down period.

Next steps in assessing the wholesale supply of HFC Refrigerants

88. We invite further information and/or submissions on our assessment of the impact of the Proposed Acquisition in the wholesale supply of HFC Refrigerants. In particular, we are interested in:

    88.1 whether customers have any preference(s) for suppliers of HFC Refrigerants;

    88.2 whether customers consider non-price factors in selecting a supplier for HFC Refrigerants;

    88.3 the extent to which the Parties compete with one another for the sale of HFC Refrigerants;

    88.4 how competitors' ability to compete on price may be affected by the merged entity's share of grandparented permits;

    88.5 competitors' ability to compete on non-price factors for HFC Refrigerants currently and post-acquisition;

    88.6 whether there are any benefits of bulk purchasing HFC Refrigerants from wholesalers ie, bulk purchase price discounts;

    88.7 whether the Proposed Acquisition would affect competitors' ability to access wholesale supply of HFC Refrigerants post-acquisition;

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89 In *Commerce Commission v Woolworths Limited* (2008) (CA) above n9 at [98], the Court held that the "existence of a 'doubt' corresponds to a failure to exclude a real chance of a substantial lessening of competition".

90 See Commerce Commission interview with [ ].

91 See Commerce Commission interview with [ ].

88.8 conditions of entry and expansion for new and existing suppliers of HFC Refrigerants;

88.9 whether there are currently any spare or underutilised permits for HFC Refrigerants, or whether the market is expected to change over time such that there is likely to be spare or underutilised permits for HFC Refrigerants; and

88.10 the extent to which trade customers may be able to exercise countervailing power through self-supply and/or sponsorship of new entry.

Unilateral effects in the wholesale supply of refrigeration equipment

89. At this stage, while we consider that Beijer Ref and Refspecs do not appear to be each other's closest competitor for the wholesale supply of refrigeration equipment at a national level, we are not yet satisfied that the constraint from existing competitors would be the same across more localised or regional areas. Given this, we are continuing to assess whether:

89.1 competition occurs at a more localised or regional level such that the Parties compete more closely in particular regions; and

89.2 the degree of competitive constraint from some smaller wholesalers (with a more limited range of refrigeration equipment) would impose on the merged entity, particularly if there are regions where the Parties are close competitors.

Summary of the Applicant's views

90. Beijer Ref submits that the Proposed Acquisition would not be likely to substantially lessen competition in any relevant market for the wholesale supply of refrigeration equipment because:[92]

90.1 Beijer Ref and Refspecs are not particularly close competitors due to their differentiated business strategies and because they supply to different customer types (ie, Refspecs only stocks units up to 15 horsepower eg, liquor store cool rooms being the smaller end of the market, while Beijer Ref is focussed on larger refrigeration equipment ie, CO2 plants upwards of 200 horsepower);

90.2 if the merged entity raised prices/and or reduced quality of refrigeration equipment or components, trade customers could easily move their purchasers to different suppliers since trade customers work with and seek quotes from multiple refrigeration equipment suppliers, and have open accounts with multiple suppliers;

90.3 the merged entity would be constrained by existing wholesale suppliers, such as Actrol, Cooling Equipment and CoSell, as well as overseas manufacturers of

[92] The Application at Executive Summary (p4) and [6.1]-[6.23].

refrigeration equipment and components that currently supply their products directly to trade customers such as Daikin, EPTA and Arneg;

90.4 the merged entity would be constrained by the threat of entry/expansion. Beijer Ref considers that overseas wholesale suppliers, such as Airefrig Australia, can readily enter into New Zealand. Beijer Ref also considers that there are no barriers to existing wholesale suppliers expanding their sales given no physical presence is required to operate, and the Proposed Acquisition would provide an opportunity for smaller suppliers to grow; and

90.5 the merged entity would be constrained by the countervailing power of customers. Beijer Ref considers that trade customers have the ability to exercise countervailing power by importing their own refrigeration equipment and/or componentry, directly from overseas manufacturers.

Our current view on the wholesale supply of refrigeration equipment

91. At this stage, while we consider that the Parties are not particularly close competitors and tend to focus on different capacity ranges of refrigeration equipment,[93] there remains overlap in the spectrum of capacities that each supplies and we are not yet satisfied that there would be sufficient constraint on the merged entity from other existing wholesalers of refrigeration equipment, particularly in Hamilton and Tauranga.

92. We understand that trade customers tend to seek quotes from multiple wholesalers for a particular project that would include both refrigeration equipment/plant as well as refrigeration componentry.[94] While some customers may seek supply from both Parties, general market feedback and evidence we have gathered to date aligns with Beijer Ref and Refspecs not competing particularly closely in wholesaling of refrigeration equipment. For example:

92.1 one customer told us that [ ]. It also told us that

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93 Internal documents of the Parties support Beijer Ref's submission that Refspecs focuses its supply on the smaller end of the market while it focuses on supplying larger equipment. The Application at [6.11]. See e-mails from [ ], e-mail from [. Our analysis of internal documents indicates that [ ].

94 See e-mails from [ ], e-mail from [ ] and Commerce Commission interviews with [ ] and [ ].

[ ];[95]

92.2 another party considers that Refspecs wholesales smaller refrigeration equipment than Beijer Ref.[96] Our review of internal documents of the Parties supports this claim;[97] and

92.3 our review of internal documents of the Parties indicates that while there is [ ] does not appear to be substantial.[98]

93. The evidence we have gathered to date also indicates that beyond the Parties, there are at least two other wholesale suppliers of a comprehensive range of refrigeration equipment, namely Actrol and Cooling Equipment.[99] As indicated by Table 2 below, these suppliers have a presence in most, but not all, the regions where the Parties have an existing regional branch.

Table 2: Branch locations of key wholesalers

Region	Beijer Ref	Refspecs	Actrol	Cooling Equipment
Whangarei	✓			
Auckland[100]	✓	✓	✓	✓
Hamilton	✓	✓	✓	
Tauranga	✓	✓	✓	
Hastings	✓			
Palmerston North	✓		✓	✓
Wellington	✓		✓	✓
Nelson	✓			
Christchurch	✓	✓	✓	✓
Dunedin	✓		✓	

Source: The Application at [1.8]-[1.12], [2.3], [7.2(a)(b)] and websites of Actrol and Cooling Equipment.

95 Commerce Commission interview with [ ].

96 Commerce Commission interview with [ ].

97 Internal economic analysis undertaken in respect of internal documents of [ ]. See e-mails from [ ] and e-mail from [ ].

98 Ibid. [ ].

99 See Actrol website https://www.actrol.co.nz/ and Cooling Equipment website https://www.coolingequipment.co.nz/. [ ].

100 In the Auckland region, Beijer Ref (Patton) has a branch in Mt Wellington and Beijer Ref (Realcold NZ) has branches in both Mt Wellington and Albany. Refspecs has branches in both Greenlane and Albany Actrol has branches in both Mt Wellington and the CBD.

94. However, as indicated by Table 2, there are regions such as Hamilton and Tauranga where the Parties appear to face fewer alternative wholesalers than in other regions such as in Auckland and in Christchurch.

95. To this extent, we are continuing to assess the degree to which wholesalers of refrigeration equipment compete with one another at a regional level, but particularly in Hamilton and Tauranga. For example, while the application identifies a number of other wholesalers of refrigeration equipment beyond those we have described above, the evidence gathered to date indicates that these other wholesalers may not supply refrigeration equipment on a regular basis or otherwise supply only specific pieces of refrigeration equipment and so may not provide constraint on the merged entity in areas such as Hamilton and Tauranga. [101]

96. However, some large trade customers are likely to have the ability to import their own refrigeration equipment and are therefore likely to have a degree of countervailing power, albeit the level of constraint may vary by project type and/or end-customer. The evidence we have gathered to date indicates that it is more cost effective for some trade customers to import capital plant than to purchase supply from domestic wholesalers, and that direct imports are likely to be a viable alternative for both larger projects and for projects with longer lead times. We have heard that larger trade customers are regularly importing their own refrigeration equipment for projects directly from overseas manufacturers in Europe and Asia.

96.1 One trade customer told us that importing larger capital plant for projects is the only way that it can stay competitive in the market, noting that purchasing from local/domestic wholesalers would essentially price it out of the market, and so it wouldn't be able to compete. It also considered that most large customers are importing their own capital plant and that they all have their own manufacturing company that they work with overseas to do this.[102]

96.2 Another trade customer told us that for some systems, there is a limited range of options for supply since the equipment required is highly specialised and operates at a [ ].[103]

96.3 A third trade customer considered that the refrigeration equipment offered by Beijer Ref and Refspecs is also offered by others including Actrol and

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101 For example, a wholesaler of a comprehensive range of capital plant considers the smaller wholesalers noted in the application (such as [ ]) to be "side issues" in that they are not true wholesalers, and rather import refrigeration equipment for their own use as opposed to actively supplying trade customers. Commerce Commission interview with [ ].

102 Commerce Commission interview with [ ].

103 Commerce Commission interview with [ ].

Cooling Equipment albeit it largely imports its own refrigeration equipment for projects.[104]

97. Nevertheless, we are aware that direct importing may not be an option for smaller customers where overseas manufacturers may have minimum volume requirements or the freight costs are high.[105] However, we have not received any evidence to indicate that there would be a significant change in supply options for these customers, post-acquisition.

Next steps in assessing the wholesale supply of refrigeration equipment

98. We invite further information and/or submissions on our assessment of the impact of the Proposed Acquisition on the wholesale supply of refrigeration equipment. In particular, we are interested in:

98.1 how closely the refrigeration equipment and/or brands of Beijer Ref and Refspecs compete with one another at a regional level such as in Hamilton and in Tauranga;

98.2 the extent to which alternative wholesalers of refrigeration equipment would compete with the merged entity at a regional level such as in Hamilton and Tauranga; and

98.3 the extent to which trade customers are able and willing to self-supply their refrigeration equipment requirements.

Unilateral effects in the wholesale supply of refrigeration componentry

99. We are currently not satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in the wholesale supply of refrigeration componentry.

100. At this stage, we are still considering whether the constraint from existing wholesalers (supplying either a more comprehensive or limited range of components) would be sufficient to constrain the merged entity. This is primarily because, based on the information we have gathered to date, it does not appear that:

100.1 direct imports of componentry would provide a sufficient degree of constraint on the merged entity due to freighting and time restrictions, particularly for urgent repair work;

100.2 a new entrant would likely enter at scale in a timely manner to be able to compete with the merged entity; and

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104 Commerce Commission interview with [ ].

105 For example, a larger customer considered that it would not be worth it importing two or three pieces of equipment because of the freight costs. See Commerce Commission interview with [ ].

100.3 trade customers would have a degree of countervailing power via self-supply.

Summary of the Applicant's views

101. Beijer Ref submits that the Proposed Acquisition would not be likely to substantially lessen competition in any relevant for the wholesale supply of refrigeration componentry for the same reasons as set out above for refrigeration equipment.[106]

Our current view on the wholesale supply of refrigeration componentry

102. At this stage, we are not yet satisfied that competition between the Parties for refrigeration componentry is the same across all regions, or that there would be sufficient constraint on the merged entity from other existing wholesalers of refrigeration componentry, particularly in Hamilton and Tauranga.

103. Based on the evidence we have gathered to date, we understand that some trade customers prefer 'like-for-like' components, particularly for repair and maintenance work. We are currently of the view that this could reduce the competition between wholesalers for refrigeration componentry because wholesalers tend to supply different brands of componentry and so may not technically able to supply 'like for like' branded products. However, we also understand that many 'branded' components from different manufacturers are interchangeable with one another such that componentry wholesalers can and do compete with one another for some trade customers.

103.1 One trade customer told us that the general preference is to replace a component 'like-for-like' with the same brand, particularly for components like fans which have certain energy and speed ratings.[107] We also heard that for certain mechanical components additional work would be required to ensure that other bands are compatible with the existing system.[108]

103.2 However, we also understand that, if a particular branded piece of componentry is not available, trade customers can and do switch to another supplier of that component.[109] For example, one wholesaler of refrigeration componentry indicated that componentry tends to do the same job regardless of the brand noting however that there are some brands that are more reputable than others.[110] In addition, we understand that this preference for 'like-for-like' componentry may lessen after the warranty period where customer switching is more likely to occur.[111]

106 The Application at Executive Summary (p4) and [7.1]-[7.15].
107 Commerce Commission interview with [ ].
108 Commerce Commission interviews with [ ], [ ] and [ ].
109 Commerce Commission interviews with [ ], [ ] and [ ].
110 Commerce Commission interview with [ ].
111 For example, [ ] indicated that switching to different branded components occurs more often after the warranty period ends and that their warranty period was around 12 months and [ ] considers that customers are more likely to mix and match outside of the warranty period. See

104. The evidence we have gathered to date indicates that currently, Beijer Ref and Refspecs may compete closely with one another in the supply of some types of refrigeration componentry and/or in some regions. For example, we understand that the Parties both compete closely in the supply of components such as copper tubing and insulation[112] and they are particularly close competitors in the Auckland and Christchurch regions.[113]

105. However, other market feedback was more mixed about the extent to which the Parties are close competitors. For example, one customer told us that most of the componentry that it purchases is through [ ] and while it still purchases small amounts through [ ], it is not one of its preferred suppliers as it does not have the same focus on relationship building.[114] Another customer told us it purchases most of its componentry from [ ] because it is more cost-effective, and only from [ ] when it is unable to purchase what it requires from other wholesalers (including [ ]).[115]

106. Outside of the Parties, Actrol and Cooling Equipment[116] appear to also supply a broad range of refrigeration componentry on a nationwide basis and each appears likely to provide some constraint on the merged entity.[117] However, they have different branch networks, as well as stocking different brands of componentry to those of the Parties and so the degree of competitive constraint from these wholesalers in componentry may differ to the constraint they would provide in refrigeration equipment.

106.1 However, the evidence we have received on the constraint from other existing wholesalers is less clear given that market feedback indicates that each wholesaler simply cannot stock every type of refrigeration component. For example, it is likely that some existing wholesalers, such as Cooling Supplies and Glowbal NZ, may provide a degree of constraint on the merged entity but only in respect of particular types of componentry, rather than the comprehensive range of componentry.[118]

Commerce Commission interviews with [ ] and [ ].

112 Commerce Commission interview with [ ].
113 Commerce Commission interview with [ ].
114 Commerce Commission interview with [ ].
115 Noting also it considers Cooling Equipment as [ ] See Commerce Commission interview with [ ].
116 [ ] considers it competes with the likes of Beijer Ref and that it has [ ]. See Commerce Commission interview with [ ].

117 Commerce Commission interviews with [ ] and [ ].

118 For example, Glowbal NZ provides only some componentry ie, fan motors. See Glowbal NZ website https://www.glowbal.co.nz/. Cooling Supplies also wholesales some fans. See Cooling Supplies website https://www.coolingsupplies.co.nz/.
[

106.2 Further, we understand that some upstream equipment manufacturers or some downstream trade customers (such as installers) may supply componentry to third parties.[119] However, we currently have no evidence to indicate these types of sales would place constraint on an existing commercial wholesaler of componentry.[120]

107. As with refrigeration equipment, there are regions such as Hamilton and Tauranga where the Parties appears to face less alternative wholesalers than in other regions such as Auckland and Christchurch. [121] To this extent, we are continuing to assess the degree to which wholesalers of refrigeration componentry compete with one another at a regional level, but particularly in Hamilton and Tauranga.

108. We understand that a new entrant would likely require a branch network, a comprehensive range of componentry and significant capital investment to be able to enter at sufficient scale to be able to compete with the merged entity.[122] Given these requirements, and the presence of existing wholesalers, we consider that the potential for new entry, at a national level, would be unlikely. However, entry at a more regional or localised level would likely provide some degree of competitive constraint on the merged entity.

109. With respect to the ability of smaller wholesalers to expand to provide a broader range of componentry, or otherwise develop a branch network, market feedback indicates that there is little appetite for this expansion, with participants noting a focus on current product offerings to maximise profitability which would be at issue with the tying up of capital that would be required in terms of setting up a branch network and/or investing in holding stock.[123]

110. As indicated above, we consider that some large trade customers are likely to have some countervailing power through an ability to import their own refrigeration equipment. However, it is unclear whether the same would apply to refrigeration componentry. Therefore, at this stage, we are not yet satisfied that the merged entity would be materially constrained in the wholesaling of refrigeration componentry by the countervailing power of trade customers via an ability to self-supply or sponsor new entry.

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119 [ ] but considers that “no one sees us as a spare parts wholesaler”. See Commerce Commission interview with [ ].

120 We also understand that some trade customers who purchase refrigeration componentry from Beijer Ref and Refspecs may also compete with the Parties in the wholesale supply of refrigeration componentry to other trade customers (such as [ ]). However, this constraint tends to be limited to instances of short supply, or where componentry is required for urgent repair work.

121 See Table 2.

122 Commerce Commission interviews with [ ], [ ], [ ] and [ ].

123 Commerce Commission interviews with [ ] and [ ] and [ ].

110.1 For example, freight costs require bulk/volume purchasing which can be accommodated for larger, one-off purchases of equipment but less so for regular volumes of a large number of small pieces of componentry.

110.2 In this respect, one customer indicated that it wouldn’t be minded to purchase a single compressor from a European manufacturer because the freight would cost the same amount as the compressor.[124]

Next steps in assessing the wholesale supply of refrigeration componentry

111. We invite further information and/or submissions on our assessment of the impact of the Proposed Acquisition on the wholesale supply of refrigeration componentry. In particular, we are interested in:

111.1 how closely the refrigeration componentry and/or brands of Beijer Ref and Refspecs compete with one another at a regional level such as in Hamilton and in Tauranga;

111.2 the extent to which there are any types/pieces of refrigeration componentry where customers face fewer alternatives to the merging parties;

111.3 the extent to which trade customers are able and willing to switch to other wholesalers of refrigeration componentry, including examples of where switching has occurred; and

111.4 the ability of trade customers, or any other customer, to self-supply their own componentry requirements via importing and/or to sponsor new entry in response to an increase in price.

Next steps in our investigation

112. We are currently scheduled to decide whether or not to give clearance to the Proposed Acquisition by **9 June 2026**. However, this date may be extended with the agreement of Beijer Ref if the material before the Commission at that time does not allow it to be 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.[125]

113. As part of our investigation, we will be identifying and contacting parties that we consider will be able to help us assess the issues identified above.

Making a submission

114. We are continuing to undertake inquiries and seek information from industry participants about the impact of the Proposed Acquisition. We welcome any further evidence and other relevant information and documents that Beijer Ref, Refspecs or

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124 Commerce Commission interview with [ ].

125 The Commission maintains a clearance register on our website at http://www.comcom.govt.nz/clearances-register/ where we update any changes to our deadlines and provide relevant documents.

any other interested parties are able to provide regarding the issues identified in this SoI.

115. In **Attachment A**, we summarise the matters that we are interested in receiving submissions on.

116. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference 'Beijer Ref/Refspecs in the subject line of your email, or by mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **16 April 2026**. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

117. Please clearly identify any confidential information contained in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on our website.

118. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information.

Attachment A: Matters on which are interested in receiving submissions

<table>
<tr><th colspan="2">Market/issue</th><th>Matters/questions</th></tr>
<tr><td rowspan="3">Market definition</td><td>General</td><td>We invite submissions on our current approach to market definition and for parties to provide us with further evidence on the scope of the relevant market(s).</td></tr>
<tr><td>Product dimension</td><td>The extent to which trade customers and/or end-customers substitute between HFC Refrigerants and natural refrigerants.
The extent to which wholesale suppliers of each of refrigeration equipment, refrigeration componentry, and HFC Refrigerants respectively tend to supply a comprehensive range of products and the extent to which suppliers of a more limited range can compete with suppliers stocking a wide range of products.
The extent to which wholesale suppliers of each of refrigeration equipment, refrigeration componentry, and HFC Refrigerants tend to substitute between supplying different products in response to price changes.
The extent to which there are any “must have” brands or products and/or any brands or products where customers face fewer alternatives to the merging parties.</td></tr>
<tr><td>Geographic dimension</td><td>The extent to which refrigeration equipment, refrigeration componentry, and HFC Refrigerant wholesalers can and do supply nationally.
The extent to which there are material transport costs to supply refrigeration equipment, refrigeration componentry, and HFC Refrigerants nationally, or to other regions in the country.
For refrigeration componentry, the extent to which a country wide branch network is essential to compete effectively, and the rationale for this.</td></tr>
<tr><td rowspan="2">Unilateral effects in HFC Refrigerants</td><td>Closeness of competition</td><td>Whether customers have any preference(s) for suppliers of HFC Refrigerants.
Whether customers consider non-price factors in selecting a supplier for HFC Refrigerants.
The extent to which the Parties compete with one another for the sale of HFC Refrigerants.</td></tr>
<tr><td>Constraint from existing competitors</td><td>How competitors’ ability to compete on price may be affected by the merged entity’s share of grandparented permits.
Competitors’ ability to compete on non-price factors for HFC Refrigerants currently and post-acquisition.</td></tr>
</table>

Market/issue		Matters/questions
		• Whether there are currently any spare or underutilised permits for HFC Refrigerants, or whether the market is expected to change over time such that there is likely to be spare or underutilised permits for HFC Refrigerants. • Whether the Proposed Acquisition would affect competitors' ability to access wholesale supply of HFC Refrigerants post-acquisition.
	Constraint from potential competition	• Conditions of entry and expansion for new and existing suppliers of HFC Refrigerants.
	Countervailing power	• Whether there are any benefits of bulk purchasing HFC Refrigerants from wholesalers ie, bulk purchase price discounts. • The extent to which trade customers may be able to exercise countervailing power through self-supply and/or sponsorship of new entry.
Unilateral effects in refrigeration equipment	*Closeness of competition*	• How closely the refrigeration equipment and/or brands of Beijer Ref and Refspecs compete with one another at a regional level such as in Hamilton and Tauranga.
	Constraint from existing competitors	• The extent to which alternative wholesalers of refrigeration equipment and/or brands would compete with the merged entity at a regional level such as in Hamilton and Tauranga.
	Countervailing power	• The extent to which trade customers are able and willing to self-supply their refrigeration equipment requirements.
Unilateral effects in refrigeration componentry	*Closeness of competition*	• How closely the refrigeration componentry and/or brands of Beijer Ref and Refspecs compete with one another at a regional level such as in Hamilton and Tauranga.
	Constraint from existing competitors	• The extent to which alternative wholesalers of refrigeration componentry would compete with the merged entity at a regional level such as in Hamilton and Tauranga. existing wholesalers can and do supply a comprehensive range of refrigeration componentry. • The extent to which trade customers are able and willing to switch to other wholesalers of refrigeration componentry, including examples of where switching has occurred.
	Countervailing power	• The ability of trade customers, or any other customer, to self-supply their own componentry requirements via importing and/or another method such as by sponsorship of new entry.