PUBLIC VERSION

BREMWORTH LIMITED

11 FEBRUARY 2026

RESPONSE TO STATEMENT OF ISSUES DATED 23 DECEMBER 2025

INTRODUCTION

1. This submission ("**Submission**") sets out Bremworth Limited's ("**Bremworth**") response to the Commerce Commission's (the "**Commission**") Statement of Issues dated 23 December 2025 ("**SOI**") in relation to Mohawk Industries, Inc's ("**Mohawk**") application for clearance to acquire 100% of the shares of Bremworth (the "**Transaction**"). Mohawk's interconnected bodies corporate in New Zealand include Godfrey Hirst New Zealand ("**Godfrey Hirst**") and Floorscape Limited ("**Floorscape**").

2. Bremworth is grateful for the opportunity to respond to the SOI, and to provide further evidence in this Submission to assist the Commission in its analysis. Bremworth considers that there is no realistic prospect that a substantial lessening of competition will arise in any market as a result of the Transaction, and trusts that this further information will assist the Commission to satisfy itself of the same.

3. In particular, it is apparent from the SOI that the Commission has satisfied itself that many aspects of the Transaction do not give rise to potential competition concerns, including the Commission:

   (a) not having any horizontal coordinated effects concerns (because prices, volumes and other terms of sale for soft flooring are not transparent and products in this market are differentiated);[1] and

   (b) not having any vertical competition concerns (because upstream there is a variety of domestic and overseas purchasers of New Zealand wool[2] and downstream Godfrey Hirst and Bremworth sell their products through third party retailers).[3]

4. Bremworth agrees that there are no such competition concerns, and notes that this demonstrates that it is only a very narrow aspect of the Transaction that the Commission is still considering, namely:

   (a) confirming that there would not be any horizontal unilateral concerns;[4] and

   (b) confirming that there would not be any conglomerate (portfolio) concerns.[5]

5. Bremworth considers that the evidence squarely demonstrates that there is also no prospect of any horizontal unilateral concerns or conglomerate concerns, in particular as:

   (a) **<u>Bremworth faces sustained and significant competitive constraints</u>**. For many years, Bremworth has experienced substantial and ongoing declines in carpet volumes and revenues – despite continually investing in the brand and in products. These trends reflect strong competition from imported and synthetic carpets and broader substitution to alternative flooring materials, which in turn

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[1] Commerce Commission, SOI (Bremworth Version) (23 December 2025) at [13].
[2] SOI at [14.1].
[3] SOI at [14.2].
[4] SOI at [11].
[5] SOI at [11.2].

reflects that imported synthetic carpets can almost invariably be manufactured and landed in New Zealand at lower cost than New Zealand manufactured wool carpet. For example, synthetic carpets manufactured in Dubai, India and Indonesia will generally have much lower electricity costs, lower labour rates, and very low compliance costs compared to a New Zealand manufacturer.[6] The evidence shows the significant competitive constraint from imported wool carpet (often using New Zealand grown wool but with the carpet manufactured offshore) and synthetic carpet alternatives.

(b) [ ]

Figure [1] – [ ][7]

[ ]

(c) **There is, at the most narrow, a single market for carpet in New Zealand**. Consistent with the Commission's current view, demand-side and supply-side evidence shows that wool and synthetic carpets, whether domestically manufactured or imported, constrain each other as part of a single differentiated product market. Customers readily switch between fibre types and sources of manufacture. Furthermore, there are cohorts of customers that can and do switch between soft flooring and hard flooring, and a range of hard flooring competitors that are actively seeking to encourage such switching – demonstrating competitive constraint from hard flooring on carpets.

(d) **No substantial unilateral effects are plausible**. Import competition already accounts for approximately half of carpet sales in New Zealand and continues to grow (shown in Figure [6] below). That level of import penetration, combined with numerous suppliers across all price and quality segments, prevents any sustainable and substantial price increase or reduction in quality following the Transaction.

(e) **There are numerous competitive constraints on each of Bremworth and Godfrey Hirst**. The evidence shows that customers readily switch from Bremworth to imported and synthetic products, demonstrating that the constraint on Bremworth comes from many competitors and in many forms, not just from Godfrey Hirst. Furthermore, Bremworth's limited re-entry into synthetic carpets is *de minimis* and is not likely to have any material or unique competitive effect on Godfrey Hirst in amongst the range of other competitors it is already competing against. [ ]

(f) **There is no evidence of conglomerate or portfolio effects**. The merged entity would not have market power (let alone "high market power") in any relevant market that could be leveraged to engage in anti-competitive tying or bundling to foreclose rivals. Assertions based on [ ] do not establish ability or incentive to engage in anti-competitive bundling or tying, particularly given the breadth and strength of existing competition across both soft and hard flooring.

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[6] By comparison to overseas manufacturing, New Zealand manufacturers are subject to comprehensive regulations and environmental standards (encompassing matters such as dye liquor disposal), unionised labour, far more stringent health and safety compliance. Many overseas manufacturers do not have such costs and constraints.

[7] [ ]

(g) [ ]

6. For these reasons, Bremworth submits that the Transaction will not substantially lessen competition in any market. To the contrary, [ ]

THE COMPETITIVE CONSTRAINT ON, AND PERFORMANCE OF, BREMWORTH

7. The financial performance of Bremworth over a number of years demonstrates the significant competitive constraints that Bremworth faces, [ ].[8]

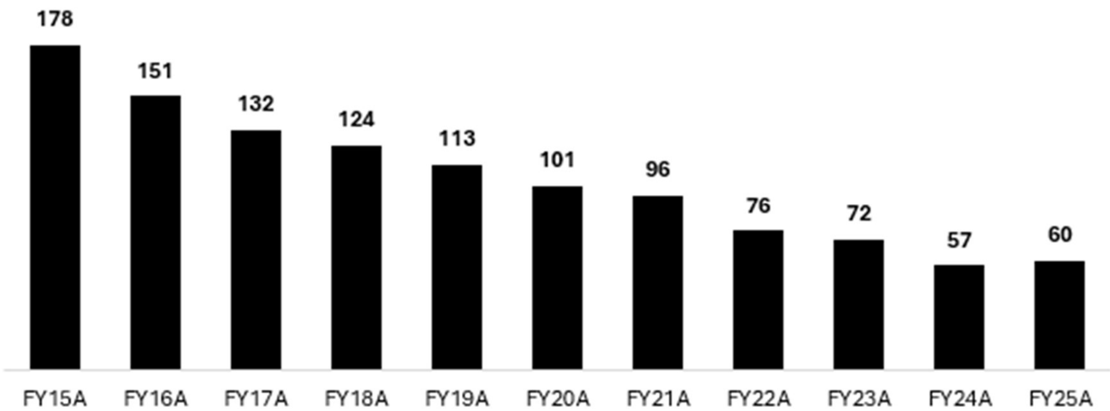
Bremworth has experienced long-term declining carpet sales – demonstrating significant competitive alternatives and constraints and a failed strategy in responding to those constraints

8. Bremworth has faced long-term year-on-year reductions in total carpet sales, as shown in Figures [2] and [3] below.

Figure [2] – [ ][9]

[ ]

Figure [3] – Bremworth total carpet revenue (NZ$m)[10]



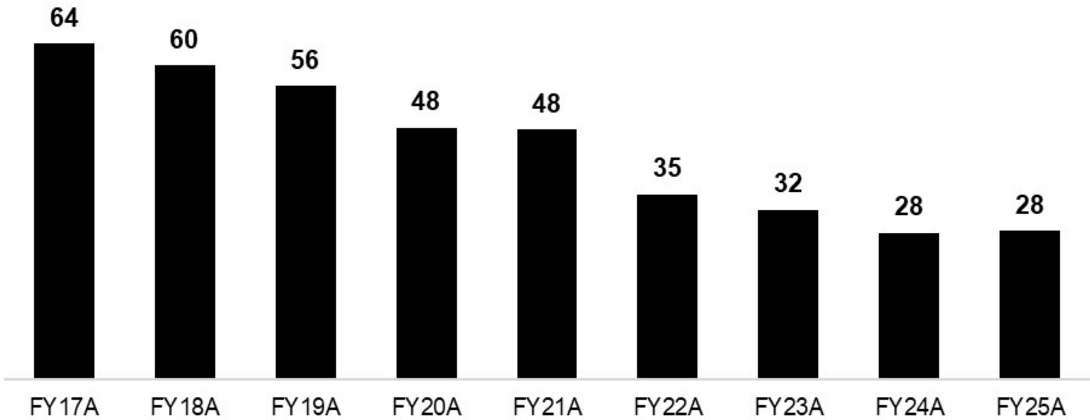
9. Focussing on Bremworth's carpet sales in just New Zealand shows the same trend. See Figures [4] and [5] below.

Figure [4] – [ ][11]

[ ]

[8] [ ]
[9] [ ]
[10] Revenue is shown as total carpet revenue per Bremworth's annual reports and includes some sales of adjacent products (e.g. stain remover), which are not reported separately.
[11] [ ]

Figure [5] – Bremworth New Zealand carpet revenue (NZ$m)[12]

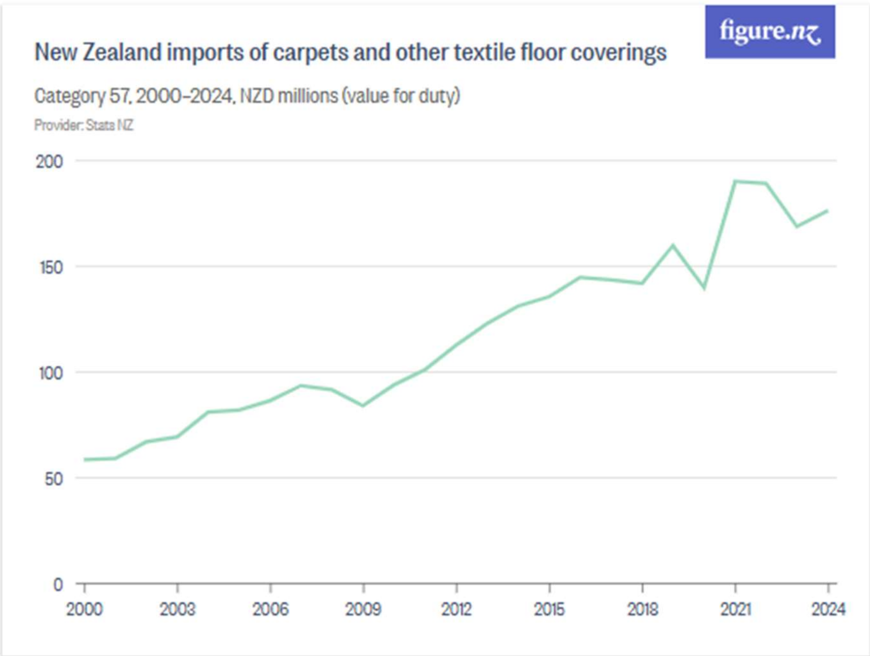


10. These year-on-year reductions in Bremworth's New Zealand carpet sales (shown in Figures [4] and [5] above) self-evidently demonstrate Bremworth's significant challenges in the market – with Bremworth losing synthetic carpet sales to other suppliers up until 2020 when the decision was made to exit synthetic carpet sales altogether. The 2020 decision to exit synthetic carpet sales led to further erosion in sales between 2020 and 2022. While wool carpet sales grew initially following that decision (between 2020 and 2021), they plateaued in 2022 before falling off in 2023 – despite the millions [ ] Bremworth spent on marketing and promoting its woollen carpets in New Zealand between 2021 and 2024 – demonstrating the high level of competition from other manufacturers with wool capability and from synthetic carpets. In February 2023, Cyclone Gabrielle significantly damaged Bremworth's Napier yarn spinning plant and disrupted access to yarns, further impeding Bremworth's ability to compete and retain market share.

11. Furthermore, the evidence supports the above, with nothing to suggest that these Bremworth volumes and sales are being lost to Godfrey Hirst (which would be a necessary finding for the Commission to have horizontal unilateral concerns). Rather the evidence shows that they are being lost partly due to the decision made by Bremworth to exit synthetic carpets in 2020 following a period of sustained loss of synthetic carpet sales to imported carpets and other flooring coverings and partly due to Bremworth's inability to grow its woollen carpet sales (despite significant investment in marketing) in the face of competition from other woollen carpet manufacturers (both in New Zealand and overseas), with imported carpets being a compelling alternative to New Zealand manufactured product. See Figure [6] below.

[12] Revenue is shown as total carpet revenue per Bremworth's annual reports and includes some sales of adjacent products (e.g. stain remover), which are not reported separately).

Figure [6] – New Zealand imports of carpets and other textile floor coverings[13]



12. The fact that Bremworth is facing increasing competitive constraint from imported and synthetic carpets is consistent with Bremworth's public statements over a long period of time. The Commission's *Merger and Acquisition Guidelines* ("***M&A Guidelines***") state that: "As a general rule the information we find most persuasive are business documents and records that were prepared in the ordinary course of business."[14] As these statements were made well in advance of the Transaction being in contemplation, the Commission should find them "most persuasive":[15]

(a) 2011: "Cavalier Corp is flagging full-year profits will be as much as 50 percent lower than 2011 on surging wool prices and tepid demand for carpets among Australian residential consumers." Cavalier managing director Wayne Chung "blamed an 80 percent increase in the price of wool, **which has made Cavalier's carpets less competitive than their synthetic rivals.**"[16]

(b) 2014: "Cavalier has restructured its business and introduced a synthetic carpet range **as it battles to retain market share against increased competition from cheaper synthetic imports…**"[17]

(c) 2014: "The structural changes brought about by **the flood of imports into New Zealand** and Australia on our broadloom and tile businesses are permanent."[18]

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[13] Figure.nz, New Zealand imports of carpets and other textile floor coverings (21 March 2025). https://figure.nz/chart/tErPPeXnWw9UlYtS-bl4T2x65B7WbicB1

[14] Commerce Commission, M&A Guidelines (May 2022) at [B3].

[15] Emphasis added.

[16] Scoop, Cavalier flags 50% profit slump in current financial year (18 November 2011). https://www.scoop.co.nz/stories/BU1111/S00716/cavalier-flags-50-profit-slump-in-current-financial-year.htm

[17] ShareChat.co.nz, Cavalier Shares Drop 10% After Profit Warning (24 October 2014). http://www.sharechat.co.nz/article/def930e6/cavalier-shares-drop-10-after-profit-warning.html

[18] Bremworth, Annual Meeting – November 2014 (25 November 2014). https://bremworth.co.nz/blogs/results-and-reports/annual-meeting-november-2014

(d) 2017: "**Ten years ago 80% of the carpets sold in New Zealand were wool; now it is only about 15% of carpet sales**, says Cavalier chief executive officer Paul Alston. The trend has accelerated for three or four years and has "moved very quickly and dramatically," he told Rural News. The decline in wool carpet sales in NZ has been "huge" he says. "We would like to have more NZers buy wool carpets but a lot of them have gone to synthetics. It is the consumer and their preferences. **We all prefer wool but people are buying synthetic products. People are importing carpet as well… mostly synthetic carpet**.""[19]

(e) 2018: "Consolidation of retailers into groups (pressure on margins) – power shift to retailers", "**Flood of imported product (synthetics) helped by a strong NZD:USD**", "**Increasing competition from low cost imported tiles**".[20]

(f) 2025: "**Price competition intensifying.**"[21]

13. The evidence above is also reflected in previous findings of the Commission and statements by the Government:

(a) the Commission has previously recognised the trend towards synthetic carpets, and the willingness of customers to switch to synthetic carpets:[22]

> "New Zealand has historically had a strong affinity with wool carpets. At the time of the Norman Ellison Decision in 2007, the Commission was advised by carpet retailers that around 75% of carpets sold in New Zealand were woollen, with the balance being synthetic. **Since then, we have been advised that there has been a trend towards synthetic carpets such that only about 20% to 25% of the carpet currently sold in New Zealand is woollen**.
>
> **Carpet retailers advised us that the switch away from wool carpets is due to technological advances which have led to improved synthetic fibres**. The improved fibres are softer than previously and have characteristics superior to wool such as stain and crush resistance.
>
> **They further advised that it is commonplace for a customer to enter their store with a firm view to purchasing a pure wool carpet and leaving having acquired a synthetic carpet. Steve Ferris, Head of Product at Flooring Brands Limited, advised us that synthetic and wool carpets are priced comparably at all price points**."

This is consistent with Bremworth's experience today – namely, that consumers may often begin their purchasing journey seeking to buy a wool carpet, but will switch to purchasing synthetic carpet based on price.

(b) the Government has previously observed: "**The rise of synthetic carpets has overtaken wool dramatically in the last few decades**, which has severely affected the wool industry."[23]

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[19] RuralNews, Wool carpet sales hit the floor (5 September 2017). https://www.ruralnewsgroup.co.nz/rural-news/rural-general-news/wool-carpet-sales-hit-the-floor

[20] Cavalier Corporation, Investor Presentation (23 February 2018). https://cdn.shopify.com/s/files/1/0665/9421/0082/files/hy18-investor-presentation-final-dt20210813120412347.pdf?v=1686844050?v=1686541124%20

[21] Bremworth, Annual Report 2025. https://cdn.shopify.com/s/files/1/0665/9421/0082/files/CAV000000-453884.pdf?v=1759812102

[22] *Cavalier Wool Holdings Limited and New Zealand Wool Services International Limited* [2015] NZCC 31. [Emphasis added]

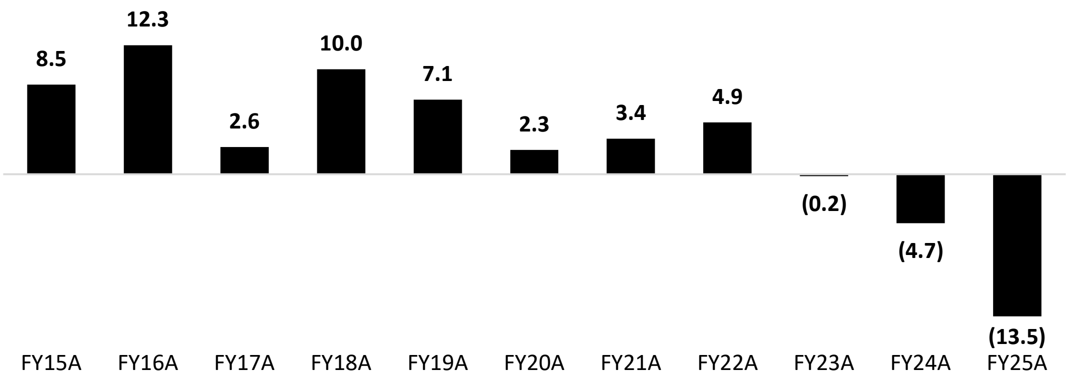
[23] New Zealand Government, Backing sustainable wool carpets to create a compelling yarn for New Zealand's strong wool sector (19 April 2021). https://www.beehive.govt.nz/release/backing-sustainable-wool-carpets-create-compelling-yarn-new-zealand%E2%80%99s-strong-wool-sector

14. From Bremworth's perspective, the evidence outlined above is unequivocal in-market and long-term evidence of the significant competitive constraints that Bremworth's carpets face from imported and synthetic carpet products. It is critical for the robustness of the Commission's findings that it place greater weight on this in-market evidence than the unsubstantiated assertions of a small number of (typically anonymous) submitters.

The financial performance and position of Bremworth

15. The declining carpet sales outlined above are reflected in the significantly challenged financial performance and position of Bremworth, resulting in it making year-on-year (and increasing) normalised EBITDA losses. See Figure [7] below.

Figure [7] - Normalised EBITDA (NZ$m)



16. Reflecting the above, [ ][24] [ ][25] [ ][26]

17. [ ]:

    (a) [ ];[27]

    (b) [ ][28] [ ].

18. [ ]:

    (a) [ ][29]

    (b) [ ] See Figure [8] below.

    Figure [8] – [ ]

    [ ]

    (c) [ ] See Figure [9] below.

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[24] [ ]
[25] [ ]
[26] [ ]
[27] [ ]
[28] [ ]
[29] [ ]

Figure [9] – [ ][30]

[ ]

(d) [ ]

(e) [ ]

(f) [ ]

(i) [ ]

(ii) [ ]

(iii) [ ]

Figure [10] – [ ][31]

[ ]

(g) [ ]

Figure [11] – [ ]

[ ]	**[ ]**	**[ ]**
32	[ ]	[ ]
33	[ ]	[ ]
34	[ ]	[ ]
35	[ ]	[ ]
36	[ ]	[ ]
37	[ ]	[ ]

(h) [ ]:

(i) [ ]; and

(ii) [ ]

19. [ ]

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30 [ ]
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Figure [12] – [ ][38]

[ ]	**[ ]**	**[ ]**	**[ ]**
[ ]	[ ]	[ ]	[ ][39] [ ] [ ][40] [ ] [ ][41] [ ] [ ][42] [ ] [ ][43] [ ]
[ ]	[ ]	[ ]	[ ][44] [ ] [ ][45] [ ]
[ ]	[ ]	[ ]	[ ][46] [ ]

[ ]

21. [ ].[47] [ ]

[ ]

22. [ ][48]

23. [ ]:

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[38] Emphasis added.
[39] [ ]
[40] [ ]
[41] [ ]
[42] [ ]
[43] [ ]
[44] [ ]
[45] [ ]
[46] [ ]
[47] [ ]
[48] [ ]

(a) [ ].

(b) [ ].

(c) [ ].

(d) [ ].

24. [ ]

25. [ ].[49] [ ]:

(a) [ ]

(b) [ ]

(c) [ ]

26. [ ]:

(a) [ ]

(b) [ ]

(c) [ ]:

(i) [ ]

(ii) [ ]

[ ]

27. [ ]:

(a) [ ];

(b) [ ];

(c) [ ][50] [ ]; and

(d) [ ]

[ ].

28. Accordingly, [ ].

MARKET DEFINITION

29. The SOI sets out that the Commission's "current view is that it would be appropriate to define a single differentiated product market for carpet".[51] However, the SOI nonetheless invites

[49] [ ]

- [ ]
- [ ]

[50] [ ]

[51] SOI at [56].

further submissions on market definition.[52] Accordingly, Bremworth provides the following further information to the Commission.

30. Bremworth agrees with the Commission's current view that there is, at the most narrow, a single product market for carpet in New Zealand (and not, for example, separate markets based on fibre type, manufacturing location, or customer type). That all carpet types fall within a single product market in New Zealand is demonstrably the case, both as a matter of fact and law:

   (a) Section 3(1A) of the Commerce Act 1986 defines a market as “a market in New Zealand for goods or services as well as other goods or services that, as a matter of fact and commercial common sense, are substitutable for them”. The High Court[53] has set out that this statutory requirement to focus on substitutability as a matter of fact and commercial common sense involves focusing on the purpose of the products in question when considering whether they are in the same market. If products are technically substitutable and the evidence shows they are being used for the same purpose, they are in the same market:[54]

      (i) This can be the case even if the products are differentiated, as long as they fall within the same “price-product-service-package overall”;[55] and

      (ii) On the demand side, individual customers may have a variety of different preferences for different products. However, if there is considerable use of those different products for the same purpose, they may still fall within the same market when assessed through the lens of commercial common sense.[56]

   (b) In other words, from a demand-side perspective, in defining the relevant market(s) that Bremworth operates in, the critical question is where the bulk of Bremworth's reducing revenues / volumes have been going ("***who is eating Bremworth's lunch?***"). The answer to that question identifies the competitive constraints and, therefore, the scope of the relevant market. In the case of Bremworth, the answer is not that the predominant place where volumes and revenue is being lost to is Godfrey Hirst's New Zealand manufactured wool carpets, but rather (as outlined at above) that retailers and end-consumers have been shifting significant volumes of their purchases to imported and synthetic carpets. To reiterate that evidence:

      (i) since 2005 imports of carpet – predominantly synthetic carpet – have increased substantially, both in volume and as a percentage of total carpet supply, from 19% in 2005 to now representing almost 50% of the total market;[57]

      (ii) as far as it can tell, Bremworth has been losing market share not to Godfrey Hirst (or Carpet Mill), but to import competition; and

      (iii) [ ].

52 SOI at Attachment A.

53 *Brambles New Zealand Limited v Commerce Commission* (2003) TCLR 868 (HC), HC Auckland CIV2115-03 (24 October 2003) ("***Brambles***").

54 *Brambles* at [132].

55 *Brambles* at [130].

56 *Brambles* at [132].

57 Clearance Application (Public Version) (15 October 2025) at [99].

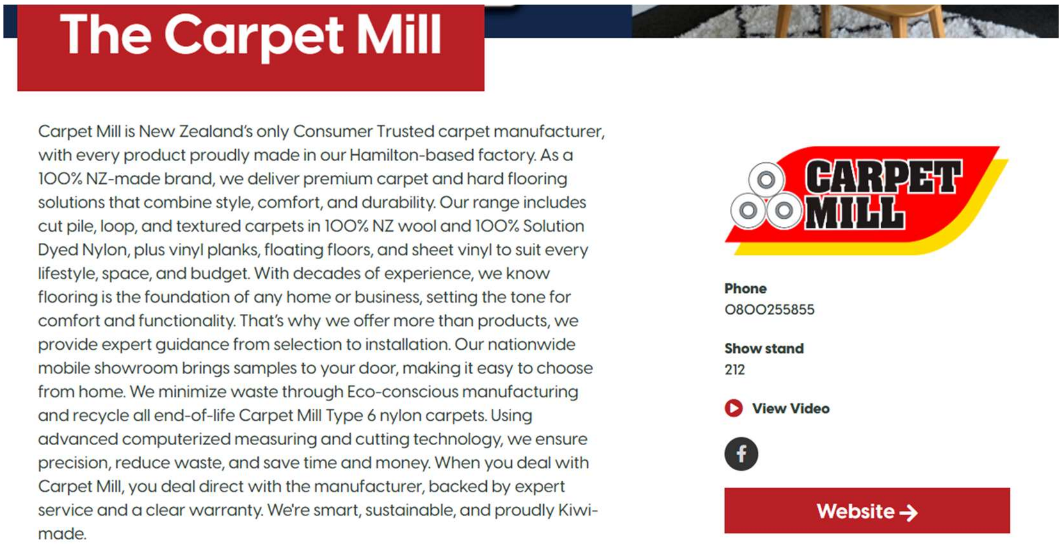
This, therefore, demonstrates that the scope of the relevant market includes all carpet types (irrespective of fibre or location of manufacture).

(c) From a supply-side substitutability perspective, there is also the ability to switch between manufacturing woollen carpets and synthetic carpets. In particular, while switching from synthetic carpet manufacturing to woollen carpet manufacturing would require some investment (namely in a woollen spinning plant), the evidence is that:

(i) Bremworth, as previously a wool-only carpet supplier, has been able to recommence the supply of SDN carpets with "[n]o new capital expenditure" as it "already has all the necessary equipment and capability within its business."[58]

(ii) while Carpet Mill has predominantly been a synthetic carpet manufacturer since it first commenced its own New Zealand manufacturing in 2009,[59] it has subsequently added woollen carpets to its New Zealand made range.[60] See Figure [13] below.[61]

Figure [13] – Carpet Mill marketing its New Zealand made woollen carpets[62]



(d) As outlined to the Commission previously, NERA's economic analysis shows quality and pricing for all types of carpet (i.e. wool and synthetic) is consistent with a chain of substitution.[63]

31. Accordingly, Bremworth considers that the evidence supports the Commission's view that, at the most narrow, there is a single differentiated product market for carpet in New Zealand.

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[58] Bremworth, Reintroducing synthetic carpet to meet market demand (9 May 2025). https://bremworth.co.nz/blogs/company-announcements/reintroducing-synthetic-carpet-to-meet-market-demand

[59] OneRoof, Kiwi tech making improvements smarter and greener (19 April 2023). https://www.oneroof.co.nz/news/kiwi-tech-making-home-improvements-smarter-and-greener-43428

[60] [ ]

[61] Canterbury Home Show, The Carpet Mill. https://canterburyhomeshow.co.nz/exhibitor/the-carpet-mill-3/

[62] In this respect, we also note that the Anonymous B submission, at [3.2], was incorrect in its assertion that Carpet Mill "do not produce wool carpets".

[63] Clearance Application (Public Version) (15 October 2025) at [53].

32. That said, Bremworth also considers that the SOI improperly minimises the competitive constraint on soft (carpet) flooring from hard flooring.[64] In particular:

(a) It is not relevant whether substitution between soft flooring and hard flooring occurs at the project design stage or a different stage[65] – if substitution is occurring that demonstrates that two products are substitutable as a matter of fact and commercial common sense;

(b) while there may sometimes be differences in use cases between soft flooring and hard flooring (meaning that they are sometimes used in combination),[66] it is also the case that customers frequently are choosing between using soft flooring or hard flooring in the same areas of their house by considering a range of factors such as price, quality, and aesthetics. As has been reported in New Zealand:[67]

> Mitchell Grant, Head of Marketing at Harrisons Carpet & Flooring, says hardwood floors have become so popular that the company he works for actually changed its name to include the word flooring (it was formerly Harrisons Carpet).
>
> “Around 50% of our sales are now made up of wood flooring,” says Grant of the style that’s been referred to as the little black dress of flooring – it always looks good, it’s always in style, and it’s easy to take care of.
>
> “Previously, customers would either 100% carpet their home or 100% use hardwood flooring. But we’re increasingly seeing people being strategic about what they use and where they use it.”

Similarly:

(i) the website for a hard flooring retailer actively markets to customers considering switching from soft flooring to hard flooring:[68]

> Are you considering replacing your carpet with hard surface flooring? If so, you're not alone. In New Zealand, the trend of installing hard surface flooring is on the rise, and for good reason....
>
> **Thinking of making the switch from carpet to hard surface?**
>
> There's no denying that hard surface flooring offers a range of benefits that make it an attractive choice for homeowners. From durability to versatility, it's clear why this trend is on the rise in New Zealand. If you're considering replacing your carpet with hard surface flooring, there's never been a better time to make the switch. Not only will it improve the look and functionality of your home, but it can also increase its resale value in the long run.

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64 SOI at [49].
65 SOI at [49.1].
66 SOI at [49.2] and [49.3].
67 Stuff, Hardwood floors no longer the preserve of the poor (27 March 2023). https://www.stuff.co.nz/life-style/homed/decor/131572685/hardwood-floors-no-longer-the-preserve-of-the-poor
68 Floorboards, From Resale Value to Durability: Why Hard Surface Flooring is Taking Over Homes in New Zealand (4 May 2023). https://www.floorboards.co.nz/blog/post/104330/why-hard-surface-flooring-is-taking-over-homes-in-new-zealand/

(ii) the website for Armstrong Flooring markets the benefits of hard flooring (over carpet) for use in bedrooms – demonstrating it is actively seeking customers to switch from carpet to hard flooring for that use case:[69]

> The bedroom is a place that you want to be calming and relaxing, so you get a restful night's sleep. It should be designed for your comfort, with your flooring no exception.
>
> Luxury vinyl and hybrid bedroom flooring is an ideal choice for your bedroom. These designs are quieter underfoot and are easy to clean and maintain. Unlike carpet, it's also less likely to harbour dust and dander, which makes it suitable for people with allergies. Our hybrid flooring for bedrooms has an acoustic properties, so they absorb noise and help to keep the ambiance just right.

The above demonstrates that, at the very least, there are cohorts of customers that can and do switch between soft flooring and hard flooring (ether for some or all use cases), and a range of hard flooring competitors that are actively seeking to encourage such switching. In the context of such a market (i.e. a market with such a chain of substitution between differentiated product types), it is not relevant that a proportion of customers may have a preference for soft flooring (either in totality or for particular use cases). Rather, if a sufficient proportion of customers would switch between soft flooring and hard flooring (even if for just certain use cases), then that switching would constrain the prices of soft flooring and so all those options ought to be considered to be in the same market. It is a long-standing concept in competition law that the marginal customers that would be willing to switch need not be very large or a majority for those options to all be in a same market – just enough to constrain prices. Furthermore, there would be no way for the hypothetical merged entity to identify a group of customers that could not switch between soft flooring (and could not credibly threaten to switch) to hard flooring alternatives, such that this group could be identified by the merged entity as such, and price discriminated against in the factual on the basis of that preference.

33. Accordingly, irrespective of how the Commission ultimately chooses to define the market, its analysis needs to properly account for the competitive constraint on soft flooring that comes from the presence (and increasing consumer switching to) hard flooring.[70]

NO "SUBSTANTIAL" LESSENING OF COMPETITION

34. Bremworth agrees with the SOI's statement that 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.[71] In that context, the Commission has said it is "continuing to assess whether any lessening of competition between Godfrey Hirst and Bremworth, such as in the supply of wool or in the supply of synthetic carpet, would adversely affect a significant section of the soft flooring market and whether this would be enough to amount to a substantial lessening of competition".[72]

[69] https://armstrongflooring.co.nz/pages/bedroom
[70] SOI at [49].
[71] SOI at [8] and [23].
[72] SOI at [85].

35. However, even if it were the case that Godfrey Hirst and Bremworth are closer competitors to one another in particular sections of the broader soft flooring market, any lessening of competition must still be "substantial" in the context of the overall "market" as a whole to cause concern under s 47 of the Commerce Act 1986 – i.e. **to substantially impact the whole New Zealand carpet (or flooring) market** by causing a sustainable, durable and substantial market price increase of approximately ~5%[73] (an or equivalent reduction in quality) across that whole market.

36. The dynamics demonstrate that there is no prospect of a sustainable, durable and substantial market price increase across the New Zealand carpet (or flooring) market (or an equivalent reduction in quality) given:

(a) imports already make up almost 50% of carpets in New Zealand, and are growing year-on-year. As the ACCC has previously outlined, it "has not objected to any merger where comparable and competitive imports have held a sustained market share of 10 per cent or more for at least three years, and – as an indicative guideline – is unlikely to do so."[74] Here, the share of imported carpets are five times that threshold, and while those ACCC guidelines are no longer current, the substantive point about the relevance of the competitive constraint of imports holds true. Furthermore:

(i) the High Court has said that even the **threat** of import competition can be sufficient to constrain domestic manufacturers from pricing above potential import prices,[75] and from Bremworth's perspective a number of import competitors are particularly well resourced and positioned to further expand their competitive position in carpet in New Zealand, including [ ], [ ], [ ], [ ], [ ], and [ ]. Furthermore, Bremworth considers that large overseas suppliers could readily enter into the New Zealand market if opportunities were to arise, including Shaw Industries (said to be the "largest carpet manufacturer in the world"[76] and "a wholly owned subsidiary of Berkshire Hathaway, Inc. with approximately $6 billion in annual sales and 18,000 associates worldwide").[77]

(ii) as outlined in Mohawk's clearance application, the continued reduction in tariffs as a result of free trade agreements is only further increasing the competitiveness and volumes of imported carpets (and the **threat** of such carpet). Indeed, in announcing the recent free trade agreement with New Zealand, the Indian Government specifically identified carpet as a product that will become increasingly competitive in New Zealand:[78]

> 100% Indian Exports receive Duty-Free Access: New Zealand will provide 100 per cent duty-free market access on all tariff lines, covering 100 per cent of India's current exports. This ensures immediate competitiveness for Indian products across labour-intensive manufacturing and

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[73] *Woolworths Ltd v Commerce Commission* [2008] NZCCLR 10 at [145]-[146]; *Brambles* at [234]; *Commerce Commission v NZ Bus Ltd (No 2)* (2006) 3 NZCCLR 854 at [48].
[74] Australian Competition and Consumer Commission, Merger Guidelines (June 1999) at [5.111].
[75] *Fletcher Metals Ltd v Commerce Commission* (1986) 6 NZAR 33 at page 43.
[76] ShawContract, Fibre. https://www.shawcontract.com/en-nz/technical/fiber
[77] Shaw Industries Group Inc, Who We Are. https://shawinc.com/Our-Company/Who-We-Are
[78] Government of India, Department of Commerce (December 2022). [Emphasis added]. https://www.commerce.gov.in/wp-content/uploads/2025/12/Fact-Sheet-NZ-FTA-dec-22-for-Website-ver2.pdf

in pharmaceutical, chemical, engineering, and agri-processed sectors, reducing landed costs and expanding export opportunities. Earlier New Zealand maintained peak tariffs of 10% in key Indian exports like textile and apparel products, leather, ceramics, **carpets**, automobiles and auto components. **With the zero-duty market access to Indian products, India will become competitive in New Zealand and have a level playing field in New Zealand**.

(b) there is a plethora of other carpet competitors with different business models, product focuses, fibre types and locations of manufacture covering all manner of customer preferences and demands, including:

(i) Carpet Mill, which manufactures both synthetic and woollen carpets in New Zealand. Carpet Mill has a nationwide direct to consumer presence, including via showrooms in Auckland, Hamilton and Christchurch,[79] as well as a "nationwide Mobile Showroom service means every person in New Zealand has access to an extensive collection of competitively priced flooring".[80] Carpet Mill actively markets its presence across a range of flooring types, including "carpets made of wool or synthetic (which are all manufactured in our state-of-the-art factory) to vinyl planking or hybrid floating floors", and states that it "lay[s] on average 1464 square metres of flooring every day[, which] makes us one of the largest and most trusted flooring companies in New Zealand".[81] Carpet Mill markets that it is the "only carpet company in New Zealand using robotic carpet cutting software" in its scale carpet manufacturing facility in the Waikato – see Figure [14] below.[82]

Figure [14] – Image of Carpet Mill's Waikato carpet manufacturing facility

[79] Carpet Mill, Contact Us. https://www.carpetmill.co.nz/about/contact#showrooms

[80] Carpet Mill. https://www.carpetmill.co.nz/?gad_source=1&gad_campaignid=15002531733&gclid=CjwKCAiAs4HMBhBJEiwACrfNZV90RrjHsaE4MU-6-oFjdX7iYp7qRGIhz7tEYBgbPwFmEXbQR5IxxhoC_CEQAvD_BwE

[81] Carpet Mill. https://www.carpetmill.co.nz/?gad_source=1&gad_campaignid=15002531733&gclid=CjwKCAiAs4HMBhBJEiwACrfNZV90RrjHsaE4MU-6-oFjdX7iYp7qRGIhz7tEYBgbPwFmEXbQR5IxxhoC_CEQAvD_BwE

[82] OneRoof, Kiwi tech making improvements smarter and greener (19 April 2023). https://www.oneroof.co.nz/news/kiwi-tech-making-home-improvements-smarter-and-greener-43428

(ii) Wools of New Zealand, which although manufactured overseas, is a New Zealand wool farmer owned company that focuses on premium woollen carpets manufactured using New Zealand sourced wool – "Our carpets are made with 100% New Zealand wool sustainably grown right here in New Zealand".[83] Being a farmer owned business (owned by approximately ~2,200 New Zealand farmers)[84] provides Wools of New Zealand with a direct New Zealand presence, a focus on woollen carpets, and "a stronger entity to represent those farmer interests [to] offer the combined scale and vision required to make a difference for New Zealand's sheep industry".[85]

(iii) Victoria Carpets, which focuses on manufacturing "high-quality products in Australia", "manufacturing woollen carpets primarily with New Zealand wool. The combination of kiwi wool and expert craftmanship in Australia has resulted in the beautiful products Victoria Carpets [is] known for".[86] Victoria is Europe's largest carpet manufacturer and the second largest in Australia, as well as the largest manufacturer of underlay in both regions."[87]

(iv) Prestige Carpets, which despite being "wholly Australian owned and operated" states it has a "zealous commitment to pure New Zealand wool" using "cutting edge tufted and woven construction methods, along with only the most stylish and desirable colour palettes and textures".[88] In New Zealand Prestige Carpets are stocked by Artisan Collective.[89]

(v) Belgotex, which has "Flooring Design Centres in Auckland, Wellington and Christchurch and a Distribution Centre in Auckland",[90] and offers a range of synthetic and wool carpet products (including carpets "manufactured from 100% New Zealand Wool").[91]

(vi) Nodi, a New Zealand-based business, which offers "Hand loomed loops, using the softest and highest quality New Zealand wool",[92] and has ambitions "to be the best rug and carpet supplier in New Zealand".[93]

(vii) Source Mondial, a New Zealand-based business that offers "exquisitely and intricately designed carpets and rugs for super yachts, hospitality industry, conference centres; custom commercial designs for large commercial offices, banks and hotels; hard wearing synthetic products for healthcare and educational sectors; and super luxe solutions for private

[83] Wools of New Zealand, Our Range. https://woolsnz.co.nz/our-range/
[84] Wools of New Zealand, Our Story. https://woolsnz.com/story
[85] Carrfields, Primary Wool Co-operative and Wools of New Zealand Commit to Work Together to Rejuvenate New Zealand's Strong Wool Sector (28 August 2020). https://www.carrfields.co.nz/primary-wool-co-operative-and-wools-of-new-zealand-commit-to-work-together-to-rejuvenate-new-zealands-strong-wool-sector/
[86] LK Flooring Direct, Victoria Carpets. https://www.lkflooringdirect.co.nz/carpet_victoria-carpet/
[87] Victoria PLC, Overview. https://www.victoriaplc.com/about-us/
[88] Prestige Carpets, About Us. https://prestigecarpets.com.au/about
[89] Prestige Carpets, Find a distributor. https://prestigecarpets.com.au/find-a-distributor
[90] Belgotex, About Us. https://belgotex.co.nz/about-us
[91] Belgotex, Best Wool Carpets. https://belgotex.co.nz/assets/Uploads/Brochures/Belgotex-Best-Wool-Brochure.pdf
[92] Nodi, Cut Pile Wool Carpet. https://nodi.co.nz/collections/cut-pile-wool-carpet?srsltid=AfmBOorjK9EWS3fiS0GmPhioJ7ZmNCgM8BLeoYLO2fnNct38WIR9oRVq
[93] The New Zealand Herald, Small Business: Nodi Rugs journey from Milan to NZ success (16 June 2025). https://www.nzherald.co.nz/business/small-business/small-business-nodi-rugs-journey-from-milan-to-nz-success/UEKNLD6H75BHBHBO3JWIIOAJYY/

residences and apartments", with "suppliers located all over the world, our team can source, custom design and manufacture just about any carpet or rug conceivable."[94]

(viii) Euroflor, a "New Zealand privately owned and operated family business" that "has grown to become one of New Zealand's leading suppliers of residential and commercial floor coverings".[95] It has a distribution warehouse in Auckland that "delivers nationwide and ensures a fast turnaround from the time you place your order".[96] Euroflor offers "wool carpets [that] are exclusively crafted with premium 100% New Zealand wool, renowned for its exceptional quality and durability".[97]

(ix) Robert Malcolm, which in addition to imported synthetic carpets, offers a range of "100% New Zealand wool loop" carpets, manufactured overseas but stocked in its Christchurch warehouse.[98]

(x) Jacobsen, which in addition to imported synthetic carpets, offers a range of imported woollen carpets "[m]ade in Australia from 100% New Zealand wool",[99] which it supplies from its warehouse in Auckland.[100] Jacobsen's range includes carpets from EC Carpets,[101] which is described as "the only Australian-owned and operated producer of high-quality, innovative carpets",[102] with its range including "premium 100% New Zealand wool carpet".[103]

(xi) Signature Floors, which offers a range of synthetic and "premium wool yarn" carpets,[104] including products "made up of 70% New Zealand wool and 30% European wool",[105] and is owned by Beaulieu International Group "a privately-owned industrial group and a global top 5 player in flooring and material solutions that has been in operation since 1959. B.I.G. and employs over 4,900 people worldwide across production sites in 17 countries in Eurasia, America and Oceania and serve customers in 150 countries".[106] Beaulieu Australia is described as "one of the largest carpet manufacturers in the country with the 22,504 sqm facility at Yatala Central acting as their Australian Head Office. Completed in 2017 with 1,048 sqm of office space, the manufacturing facility delivers approximately 5 million sqm of product per annum."[107]

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[94] Source Mondial, About. https://sourcemondial.co.nz/about/
[95] Euroflor, About Us. https://www.euroflor.nz/about-us
[96] Euroflor, About Us. https://www.euroflor.nz/about-us
[97] Euroflor, Wool Carpet. https://www.euroflor.nz/woolcarpet
[98] Robert Malcolm, From Landscape to Living Room. https://www.robertmalcolm.co.nz/flooring-inspiration/from-landscape-to-living-room/
[99] Jacobsen, Jacobsen Hause. https://jacobsen.co.nz/commercial/carpet/residential-carpet/loop-pile/wool/hause/hause/
[100] Jacobsen, Where is your warehouse located? https://connect.jacobsen.co.nz/knowledge/where-is-your-warehouse-located
[101] EC Carpets, Retailers. https://www.eccarpets.com.au/retailers/
[102] EC Carpets, About Us. https://www.eccarpets.com.au/about-us/
[103] EC Carpets, Hause. https://www.eccarpets.com.au/product/pure-wool-carpets/hause/
[104] Signature Floors, Signature Wool Carpet. https://www.signaturefloors.co.nz/residential/inspiration/signature-wools/
[105] Signature Floors, Signature Wool Carpet. https://www.signaturefloors.co.nz/residential/product-category/carpet/signature-wool/sven/
[106] BDO Australia, Signature Floors, innovative Australian flooring company, sold to B.I.G (1 May 2023). https://www.bdo.com.au/en-au/deals/signature-floors-sold
[107] Frasers Property, Beaulieu Australia. https://www.frasersproperty industrial.com/en-au/property/australia/qld/yatala-central/beaulieu-carpets.html

(xii) Milliken Flooring, a US-based company that is said to be "a design leader and manufacturer in commercial flooring, with a 30-year history throughout the Australian and New Zealand markets. Our expertise covers design, manufacturing and supply – dedicated to creating unique and inspirational interior spaces in the Commercial, Education, Health & Aged Care, Hospitality and Retail sectors".[108] Reflecting its presence and successes in the New Zealand market, in 2023 the Ministry of Education awarded Millken Flooring the contract to "supply synthetic carpet to nearly 800 small and remote schools".[109] In explaining that decision, the Ministry of Education said that "Milliken outperformed wool carpet tile providers" across "performance specifications, the supplier's approach to working with us, cost".[110] More recently, Milliken has partnered with a Māori designer "to create a new carpet collection that integrates te ao Māori into contemporary interior design."[111]

(xiii) Armstrong Flooring, which is "New Zealand owned"[112] and offers a range of carpet tiles.[113]

(xiv) Inzide, which is a "New Zealand owned and operated company which has been supplying world leading, sustainable flooring solutions since 1996", by "bring[ing] the best flooring brands from around the world to New Zealand."[114]

(xv) Urban Flooring, which offers a range of synthetic carpets and carpet tiles, "designed for New Zealand's harsh UV conditions, using premium materials and solution-dyed fibres".[115] Urban Collection carpets are manufactured by Standard Carpets,[116] "Dubai's largest carpet manufacturer"[117]. Standard Carpets has a vertically integrated manufacturing structure "from raw materials to finished products"[118] enabling the provision of a wide variety of broadloom carpet and carpet tile, and customised solutions for clients. In 20 years Standard Carpets has built an export market "spanning 64 countries across 6 continents".[119]

(xvi) Lifestyle Flooring imports and distributes an extensive range of synthetic carpet,[120] including specialised hard-wearing carpets.

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[108] Milliken, Company Overview. https://www.milliken.com/en-au/businesses/floor-covering/contact-us/company-overview

[109] Government plan to instal synthetic carpet in nearly 800 schools 'slap in face for primary sector (6 July 2023). https://www.stuff.co.nz/southland-times/news/132491762/government-plan-to-instal-synthetic-carpet-in-nearly-800-schools-slap-in-face-for-primary-sector

[110] Ministry of Education, OIA: 1314275 – Carpet roll-out in 800 schools (9 August 2023). https://web-assets.education.govt.nz/s3fs-public/2024-03/1314275-Response_Redacted.pdf?VersionId=l67Z_fbwV2HXnXmFYLp65KjQ5qa6aBJt

[111] The New Zealand Herald, New Zealand creative blends tea ao Māori with global design in new carpet range (11 March 2025). https://www.nzherald.co.nz/kahu/new-zealand-creative-blends-te-ao-maori-with-global-design-in-new-carpet-range/XWXHVNC7XFB3FARKUSKQ6V4ZI4/

[112] Armstrong Flooring, About Us. https://armstrongflooring.co.nz/pages/about

[113] Armstrong Flooring, Carpet Tiles. https://armstrongflooring.co.nz/pages/carpet-tiles

[114] Inzide, About Us. https://inzide.co.nz/why-inzide/about-us/

[115] Urban Collection, Traffic 4m Range. https://www.urbancollection.co.nz/product/traffic-4m-range/

[116] Urban Collection, BPIR Declaration (December 2023). https://www.urbancollection.co.nz/wp-content/uploads/2023/12/Coastal-BPIR.pdf

[117] Standard Carpets. https://www.standardcarpets.com/

[118] Standard Carpets, Who We Are. https://www.standardcarpets.com/who-we-are/

[119] Standard Carpets, Who We Are. https://www.standardcarpets.com/who-we-are/

[120] Lifestyle Flooring, Home. https://www.lifestyleflooring.co.nz/#four

(c) retailers can and do import carpets directly from overseas manufacturers (for example, Carpet Court and Harrisons directly import carpets into New Zealand), whether supplying them under the overseas manufacturers' brand (or supplying them as "white label" carpets under the retailer's own brand (for example, Choices Flooring (with carpets sourced from Australian manufactures) and Carpet Court (with Standard Carpets sourced from the UAE and Mohawk carpets sourced from the US).

(d) Bremworth's experience is that:

(i) customers often initially begin their purchasing journey looking for woollen carpet but then switch to purchasing synthetics based on the more competitive price options available; and

(ii) even looking just at wool carpets, consumers will purchase based on a combination of colour, style and price and if an imported woollen carpet fits their requirements better, they will purchase that imported product – with imported woollen carpets available in New Zealand from Victoria, EC Carpets, Signature Floors, Robert Malcolm, Euroflor, Nodi, Source Mondial, Prestige Carpets or Wools of New Zealand. Furthermore, as outlined at paragraph [36(b)] above, many of these imported carpets are made using New Zealand wool meaning that, from a wool quality perspective, they are made using the same inputs as New Zealand manufactured woollen carpets.

37. Given the highly competitive nature of the market, there is no prospect that the merged entity could durably increase prices (or reduce quality) by ~5% across the market without:

(a) customers reacting to that supra-competitive pricing (or reduced quality) by switching to alternative soft flooring products;

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

(c) fearing the **threat** of new entry or expansion.

THERE ARE NUMEROUS COMPETITIVE CONSTRAINTS ON EACH OF BREMWORTH AND GODFREY HIRST

38. The SOI says that the Commission is considering "closeness of competition" between Godfrey Hirst and Bremworth, including:[121]

(a) the extent to which customers are willing to switch between domestic and overseas manufactured carpets;[122]

(b) the extent to which customers are willing to switch between wool and synthetic carpets;[123] and

[121] SOI at [9.1].
[122] SOI at [57.5].
[123] SOI at [57.3].

(c) "the extent to which Bremworth's re-entry into synthetic carpets has impacted, or may impact in the future, on the degree of competition between Godfrey Hirst and Bremworth".[124]

39. The evidence demonstrates that there are numerous competitive constraints on each of Bremworth and Godfrey Hirst. In particular:

(a) as outlined at paragraph [11] above, the evidence shows that to the extent Bremworth has been losing carpet volumes and sales in recent years, there is nothing to suggest those volumes and sales have been going to Godfrey Hirst, but rather the evidence is that they have been going to imported and synthetic carpets. This shows:

(i) the primary competitive constraint on Bremworth is imported and synthetic carpets; and

(ii) that customers are demonstrably willing to switch between wool and synthetic carpets, and willing to switch between domestically manufactured and imported carpets;

(b) the evidence does not support the perspective that there is a unique level of competition between Godfrey Hirst and Bremworth as "the two key domestic manufacturers of wool carpets in New Zealand".[125] If domestically produced woollen carpets were a separate or unique product set, one would expect to see "duopoly" (or "oligopoly" outcomes, including Carpet Mill), with the Commission previously noting that "[c]ompetition tends to be weak in a duopoly".[126] However, there is no evidence of any existing "weak" competition that could be interpreted to suggest unique or duopolistic competition between Godfrey Hirst and Bremworth. Bremworth's significantly challenged financial performance over a number of years, and the fact that it is losing sales to a number of competitors (mostly imported and synthetic products), self-evidently demonstrates significant and vigorous competition, and that there is not any unique level of competition between Godfrey Hirst and Bremworth's domestically manufactured woollen carpets; and

(c) [ ][127] [ ]

(d) [ ] See Figure [15] below. [ ]

<u>*Figure [15] –*</u> [ ]

[ ]

[124] SOI at [107.7].

[125] SOI at [103].

[126] Commerce Commission, Market study into the retail grocery sector. Final report – Executive summary at 6. https://www.comcom.govt.nz/__data/assets/pdf_file/0023/278402/Market-study-into-the-retail-grocery-sector-Executive-summary-8-March-2022.pdf

[127] [ ]

THE "BREMWORTH" BRAND

40. The SOI calls for submissions on the importance to retailers/customers of the "Bremworth" brand,[128] including in light of assertions the Commission has heard that Bremworth is "one of the few suppliers with significant national presence and brand awareness".[129]

41. Bremworth considers that the assertions the Commission has heard regarding the "Bremworth" brand significantly overstate the relevance / importance of the "Bremworth" brand in practice. This is demonstrated by the following:

    (a) While the Commission has heard assertions regarding the relevance / importance of the "Bremworth" brand to consumers (presumably from certain retailers), the in-market evidence demonstrates that [ ]. Further, given Bremworth's significant investment in marketing its brand and in particular woollen carpets in recent years, Bremworth considers that [ ]

    Figure [16] – [ ]

    [ ]

    (b) While "Bremworth" remains a recognisable brand in New Zealand, [ ] and have an increasing willingness to use a wider range of floor covering options, such as synthetic carpet and, in particular, hard floor coverings – being segments that Bremworth is either not active in or has only recently re-entered [ ]. Reflecting that it is by no means necessary for carpet retailers to stock the "Bremworth" brand, **Appendix A** includes a table showing screenshots of carpet retailing websites where there is no mention of "Bremworth" as a stocked brand.

    (c) There are other carpet brands in New Zealand that have a connection to New Zealand – for example:

        (i) the Home Ideas Centre has described Wools of New Zealand as "an iconic New Zealand brand with a fantastic understanding of how New Zealanders design and live in their homes."[130]

        (ii) Carpet Mill actively markets that it is the only carpet retailer in New Zealand that has achieved Consumer NZ's "Consumer Trusted" status.[131]

42. Accordingly, while "Bremworth" remains a recognisable brand in New Zealand, the perspectives in the SOI regarding the "Bremworth" brand significantly overstate the relevance / importance of the "Bremworth" brand in practice – [ ]

COUNTERVAILING POWER OF RETAILERS

43. In Bremworth's experience carpet retailers holds significant influence to convert customers into purchasing the retailers' product and fibre type preferences – which is reflected both in the significant increases in imports in recent years, and the [ ]

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[128] At [165].
[129] At [156].
[130] RuralNews, Wools of New Zealand launch Christchurch showroom (31 May 2022). https://www.ruralnewsgroup.co.nz/rural-news/rural-general-news/wools-of-new-zealand-launch-christchurch-showroom
[131] Carpet Mill, Consumer Trusted. https://www.carpetmill.co.nz/about/consumer-trusted

44. For these reasons, and in the context of a market in which imported products are continuing to increase, Bremworth considers that the Commission's previous findings in relation to the countervailing power of retailers remain accurate:[132]

> … retailers of carpet hold a degree of countervailing power when negotiating supply terms, including prices, with manufacturers due to the ease with which these retailers, particularly the large buying groups, could switch to alternative manufacturers or to imports.

NO PRACTICAL IMPEDIMENTS TO IMPORT COMPETITION

45. The SOI states that the Commission is considering whether "importers can face some practical issues when supplying their product in New Zealand",[133] including shipping costs, exchange rate volatility, lead times, range/colour of warranty/after sales service.

46. None of those factors are material impediments to competition from importers, or could be said to be unique to importers compared to domestic manufacturers:

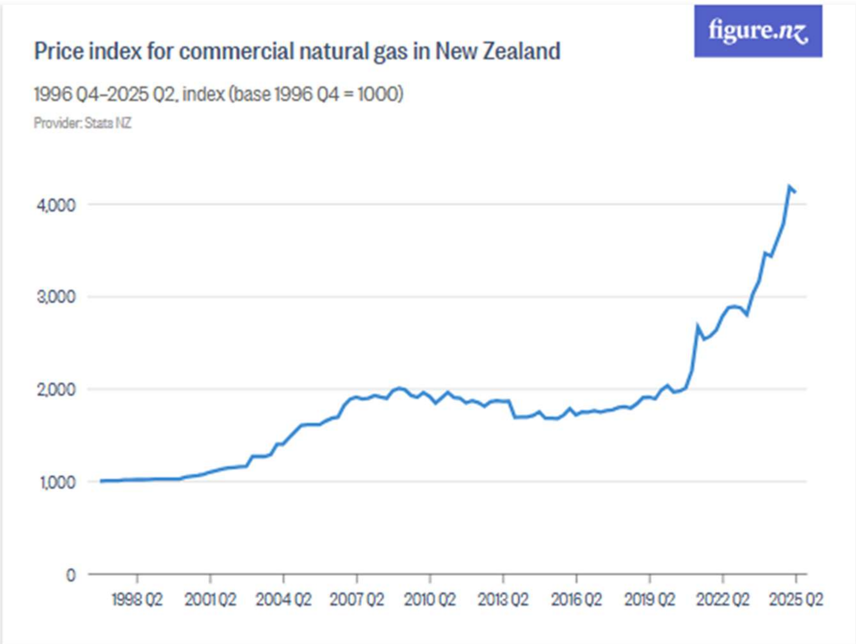
    (a) First, a number of Bremworth's inputs are sourced from overseas suppliers and, therefore, are subject to potential exchange rate volatility or lead times – including, Bremworth's jute and nylon yarn inputs. Second, just like how exchange rates can change, so too can the prices of New Zealand sourced inputs, such as wool (which has increased significantly in the past year), wholesale electricity, and wholesale gas (which is increasingly become a significant constraint and cost impost for New Zealand manufacturers), as shown in Figures [17] to [19] below. Managing exchange rates, lead time considerations, and fluctuations in input costs is simply a fact of business for any competitor – irrespective of whether they manufacture in New Zealand or overseas.

Figure [17] – Average export price for New Zealand wool[134]

[132] Commerce Commission, Decision 587 (*Godfrey Hirst NZ Limited and Feltex Carpets Limited*) (31 August 2006) at [115].
[133] SOI at [118].
[134] These figures are according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity. Wool. Trading Economics. https://tradingeconomics.com/commodity/wool

Figure [18] – New Zealand wholesale electricity prices 1 January 2024 to 31 December 2025[135]

Figure [19] – Price index for commercial natural gas in New Zealand[136]



(b) Third, in relation to managing lead times (and retailer/customer perception of lead times), it is relatively easy for an importer to create the equivalent to having an "on the ground" presence in New Zealand to a New Zealand manufacturer, either through appointing a 3PL provider (without need to make any capital investment, as 3PL services can be accessed on a variable cost for service basis) or having its own warehousing in New Zealand to manage receipt and delivery of product. Reflecting this, a number of carpet importers market themselves as having New Zealand warehousing capabilities or use 3PL facilities in New Zealand:

(i) Jacobsen has a warehouse in Auckland;[137]

[135] EMI Electricity Authority, Wholesale price trends. https://www.emi.ea.govt.nz/Wholesale/Reports/W_P_C?DateFrom=20240101&DateTo=20251231&RegionType=NZ&_rsdr=L24M&_si=v|3

[136] Figure.nz, Price index for commercial natural gas in New Zealand (19 August 2025). https://figure.nz/chart/85EnVM50nLBKx1LN-63vEaiZU7dbEJqUD

[137] Jacobsen, Where is your warehouse located? https://connect.jacobsen.co.nz/knowledge/where-is-your-warehouse-located

(ii) Belgotex has a Distribution Centre in Auckland;[138]

(iii) Robert Malcolm markets itself as stocking its carpets in its "Christchurch warehouse – ensuring fast, reliable delivery across the country";[139]

(iv) Victoria Carpets uses a 3PL provider based in Auckland;

(v) Signature Floors markets itself as having "most of our products are in stock. So, you can be sure your order is delivered quickly".[140]

Furthermore:

(vi) the cost of warehousing is not a cost that is unique to importers – any domestic manufacturer also needs to have warehousing in order to hold stock; and

(vii) the need to transport carpets from a warehouse / distribution centre to retailers / customers is not unique to importers. Bremworth does not have a warehouse / distribution centre in the South Island – so its need to arrange transport of carpets from Auckland to customers in the rest of New Zealand can be considered identical to importers, whether they be transporting from warehouses in Auckland or overseas.

(c) Bremworth does not consider the assertion that "imported products are sometimes tailored more towards overseas markets and may not be the correct colour palette for New Zealand consumers"[141] to be a sound or evidence-based reason to dismiss the competitive constraint of imported carpets:

(i) as outlined to the Commission previously, over the last two decades the proportion of the market that imports comprises has grown from 19% in the 2005 to now approximately 50%. This self-evidently demonstrates that imported products appeal to New Zealand consumers;

(ii) a number of the key import competitors, whilst importers, have a specific focus on manufacturing products overseas for the New Zealand market, including Wools of New Zealand and Nodi;

(iii) in Bremworth's experience importers have good understanding of the colours, specs and styles that work in the New Zealand market (and invest in having warehousing or 3PL services in New Zealand to have stock on hand to supply New Zealand customers), and a number of other key import competitors manufacture product in Australia, including Victoria Carpets and Beaulieu (including Signature Flooring), being a country with a similar colour palette profile to New Zealand.

(d) From Bremworth's perspective, there are no material differences in the warranty/after sales service of importers compared to domestic manufacturers. Indeed, many of the larger importers of carpets into New Zealand are long-standing competitors in the New Zealand market spanning multiple decades

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[138] Belgotex, About Us. https://belgotex.co.nz/about-us

[139] Robert Malcolm, From Landscape to Living Room. https://www.robertmalcolm.co.nz/flooring-inspiration/from-landscape-to-living-room/

[140] Signature Floors, Signature Residential. https://www.signaturefloors.co.nz/residential/

[141] SOI at [118.5].

(hardly "fly by nighters"), including Victoria Carpets, Jacobsen ("Since 1962"),[142] Robert Malcolm ("quite possibly New Zealand's longest trading flooring company", founded in 1884),[143] Belgotex (formerly Irvine International Flooring), Euroflor ("established in 1977"),[144] Beaulieu (which includes Signature Flooring, and has been manufacturing in Australia since 1973).[145] Furthermore, Wools of New Zealand and Nodi (whilst selling imported carpets) are also New Zealand headquartered businesses, and all competitors (whether importers or domestic manufacturers) are subject to the same obligations under the Consumer Guarantees Act 1993.

47. For these reasons, Bremworth does not consider that any of the factors identified could be said to be material impediments to competition from importers, or could be said to be unique to importers compared to domestic manufacturers.

NO EVIDENCE OF CONGLOMERATE EFFECTS CONCERNS

48. Conglomerate effects concerns arise if a merged entity gains the ability to leverage market power in one market to disadvantage rivals in a related market (for example, through tying / bundling of products, or by leveraging the merged range of products to foreclose on less diverse competitors e.g. a portfolio effect). Importantly, conglomerate effects concerns still require the merged entity to have market power in a particular market – it is not sufficient to just have a presence in multiple markets. Indeed, the Commission has previously said for such concerns to arise a supplier would need to have "high market power" in at least one of the relevant markets.[146]

49. Given the significant extent of competition across both soft flooring (as outlined above) and hard flooring (which Bremworth understands Mohawk will submit on), Bremworth cannot see any prospect of anti-competitive bundling or tying concerns.

50. While Bremworth understands that Mohawk will respond to the SOI's conglomerate effects considerations more generally, there are two points that Bremworth wants to respond to:

(a) first, Bremworth's only flooring products are carpet products. Therefore, the Transaction (a) does not result in Mohawk/Godfrey Hirst being present in more flooring categories than it is currently, and (b) does not change or increase Mohawk's/Godrey Hirst's presence in any other hard flooring categories. This means that:

(i) the Transaction cannot be considered to increase Mohawk's/Godfrey Hirst's ability or incentive to engage in anti-competitive bundling or tying by gaining presence in additional flooring categories (as the Transaction does not add additional product categories to its range);

(ii) the Transaction cannot be considered to increase Mohawk's/Godfrey Hirst's ability or incentive to engage in anti-competitive bundling or tying using its other hard flooring products (as its presence in those categories is wholly unchanged);

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142 Jacobsen, About Us. https://jacobsen.co.nz/about/story/
143 Robert Malcom, Why Robert Malcolm. https://www.robertmalcolm.co.nz/why-robert-malcolm/
144 Eurflor, About Us. https://www.euroflor.nz/about-us
145 Beaulieu Australia, Our Story. https://www.beaulieu.com.au/about-us/
146 Commerce Commission, Decision No. 406 (*Lion Nathan Limited and Montana Group (NZ) Limited*) (8 December 2000).

(iii) the only possible concern is that the Transaction could result in Mohawk/Godfrey Hirst gaining "high market power" in carpet, thereby giving it the ability or incentive to use its soft flooring carpet presence to bundle/tie products in other categories. However, the evidence set out in this Submission regarding the significant range of other carpet competitors, the significant presence of imported carpets, and Bremworth's significantly challenged financial performance, demonstrates that there is no prospect of Mohawk/Godfrey Hirst having "high market power" in carpet.

(b) second, the assertion in the SOI that "[t]here is some suggestion in the internal documents of [Bremworth] that Mohawk (through Godrey Hirst or Floorscape) may have the ability and/or incentive to act in a way that could give rise to conglomerate (or portfolio) effects" is not correct.[147] The SOI references [ ]. With respect, it is a "soundbite" applied out of context and cannot be considered a replacement for a probative assessment (applying the usual economic considerations) as to whether Godfrey Hirst could have the ability or incentive to engage in anti-competitive bundling or tying.

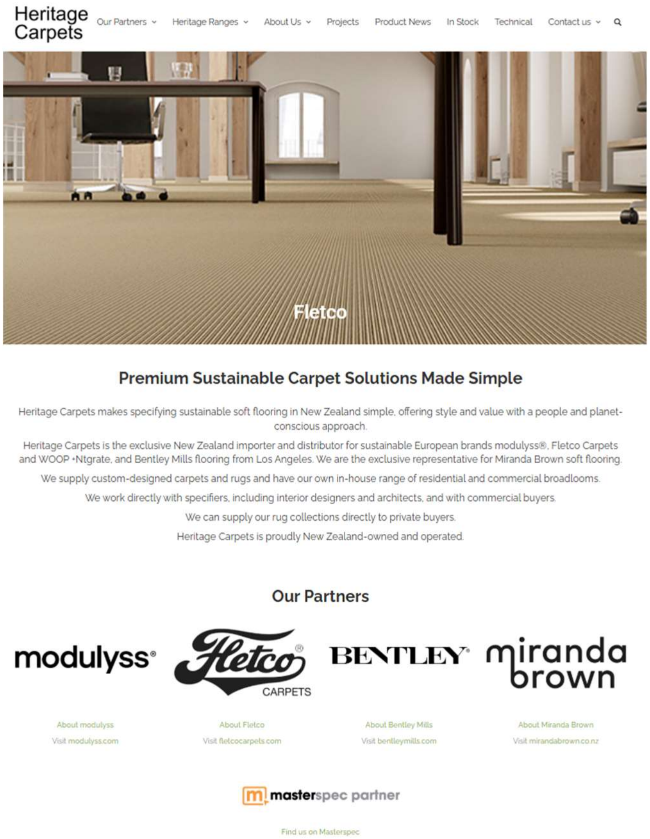
CONCLUDING COMMENTS

51. For the reasons outlined above, Bremworth considers that there is no realistic prospect that a substantial lessening of competition could arise in any market as a result of the Transaction. Bremworth trusts that the information outlined in this Submission will assist the Commission to satisfy itself of the same, and that there would be no benefits to competition of the Commission declining or delaying clearance - [ ].

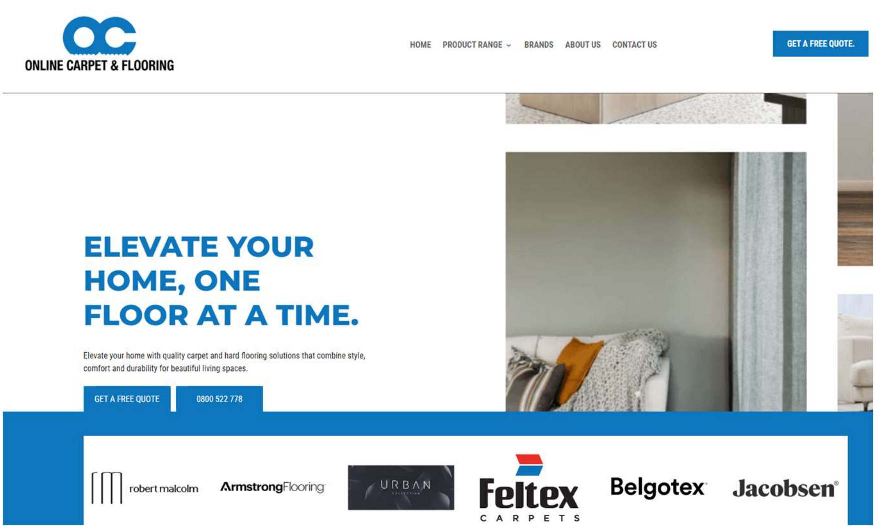
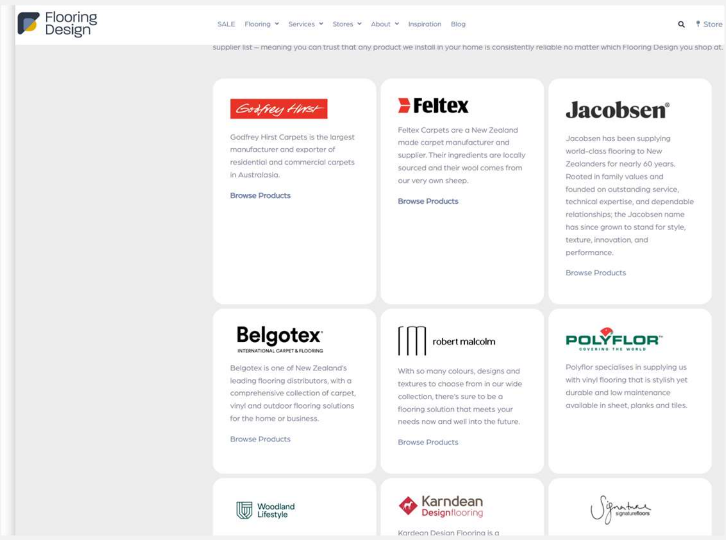
[147] SOI at [163].

Appendix A:

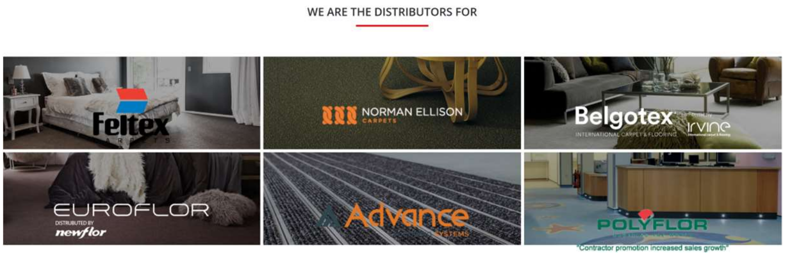
Table showing variety of carpet brands stocked by retailers, with no reference to Bremworth.

WEBSITE LINK	SCREENSHOT
[Heritage Carpets]	
[Carpet Country]	

PUBLIC VERSION

WEBSITE LINK	SCREENSHOT
[John Jarvis]	
[Factory Carpets & Vinyls]	
[Online Carpet]	
[Flooring Design New Zealand]	

PUBLIC VERSION

<table>
<tr><th>WEBSITE LINK</th><th>SCREENSHOT</th></tr>
<tr><td>Carpet World</td><td>


</td></tr>
<tr><td>Carpet Kingdom Suppliers</td><td>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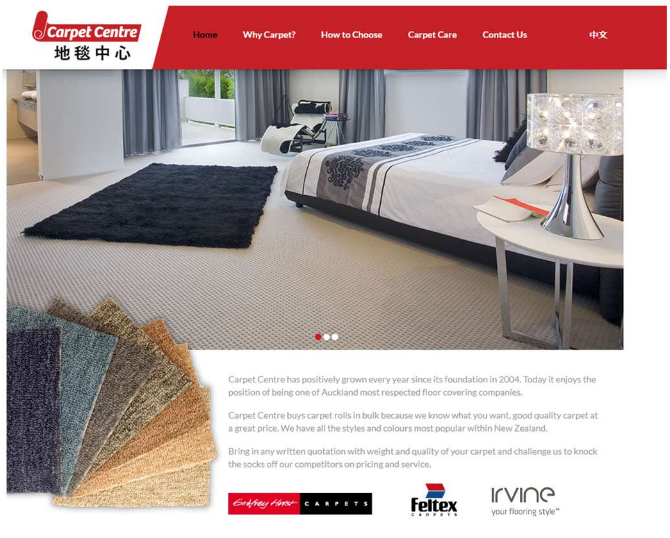
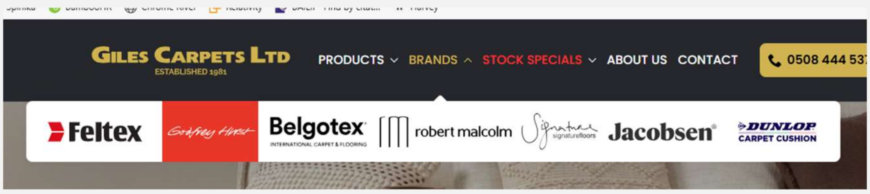
<tr><td>Carpet Centre</td><td>


</td></tr>
<tr><td>Giles Carpets</td><td>


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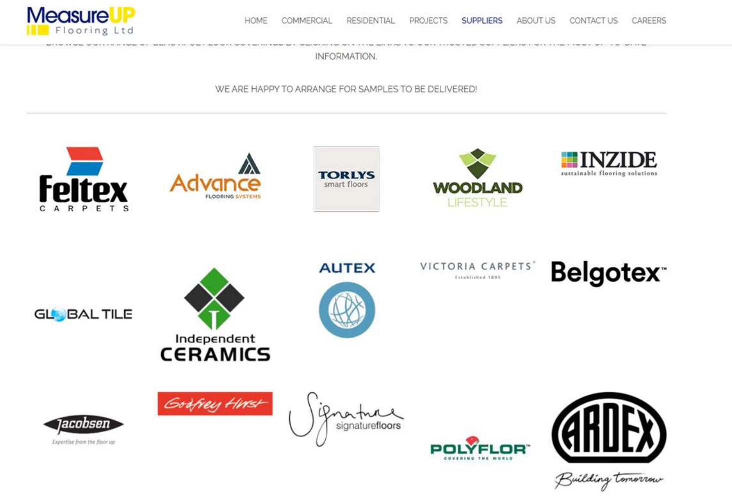
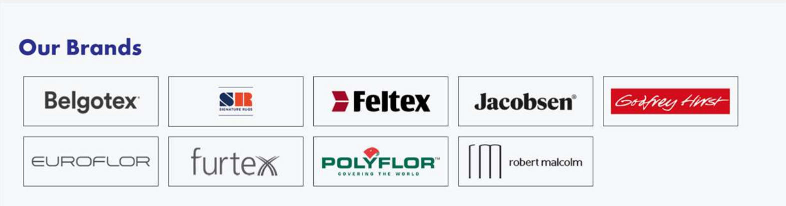
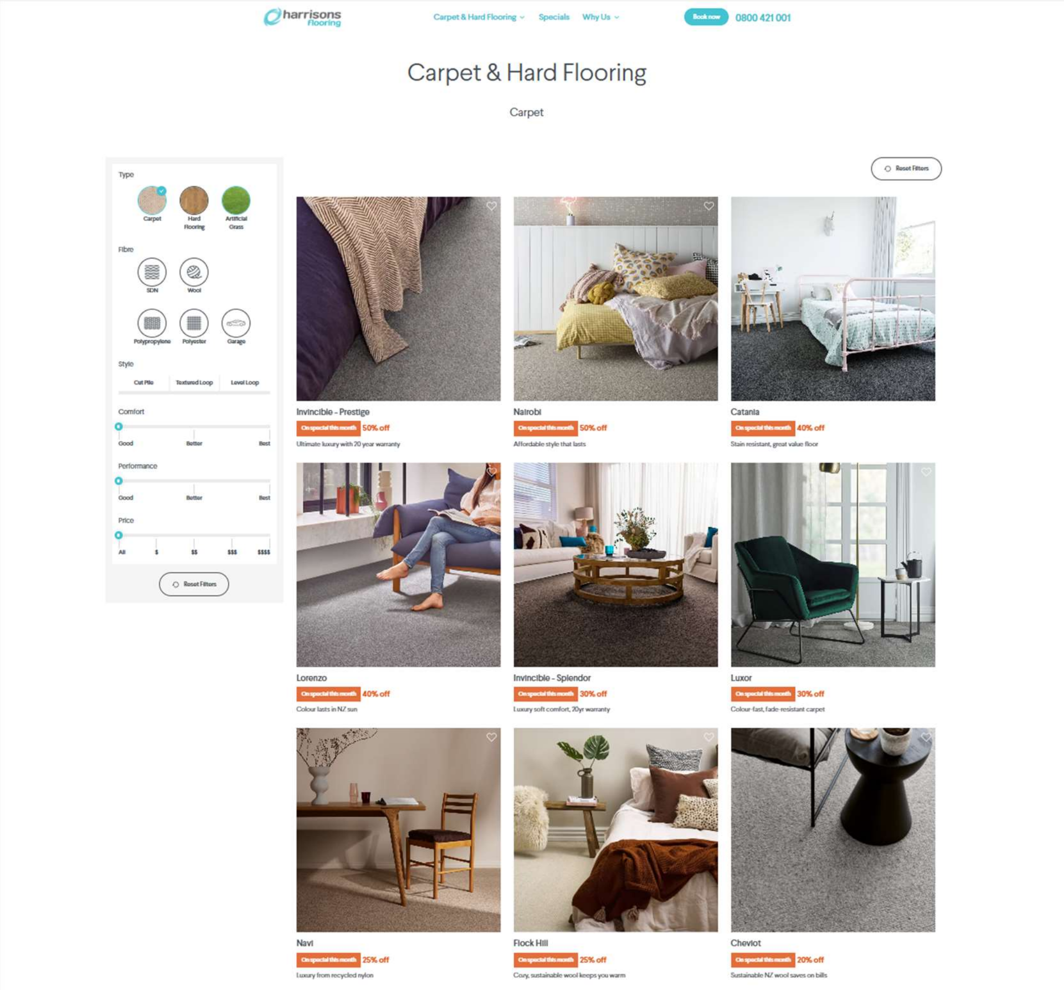
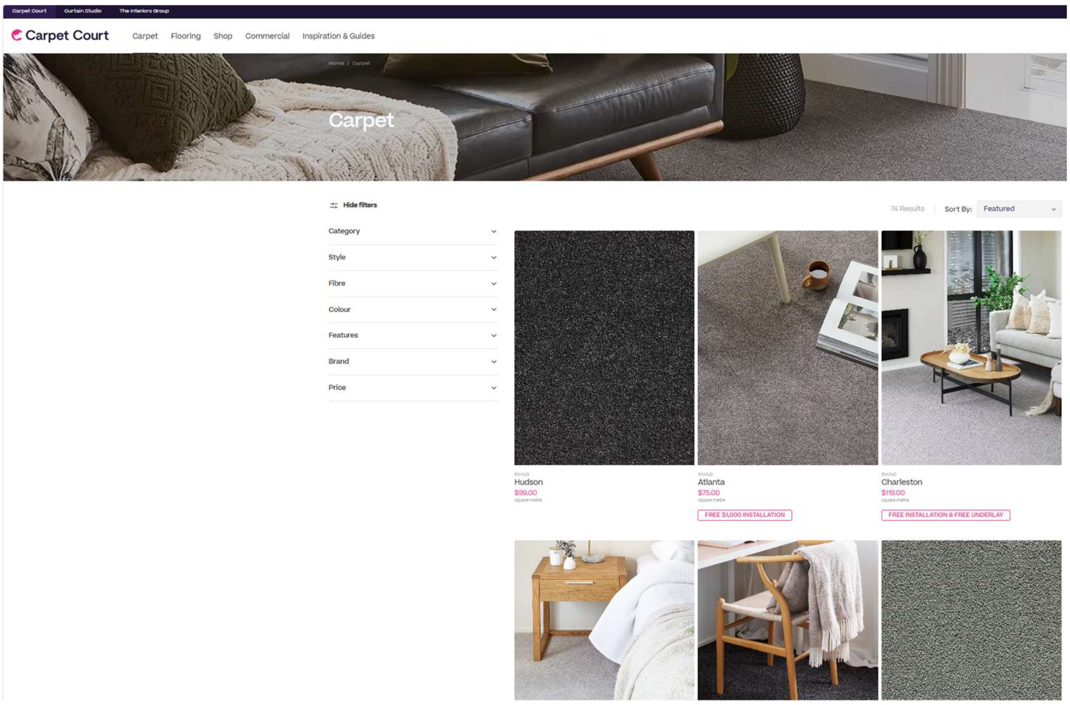
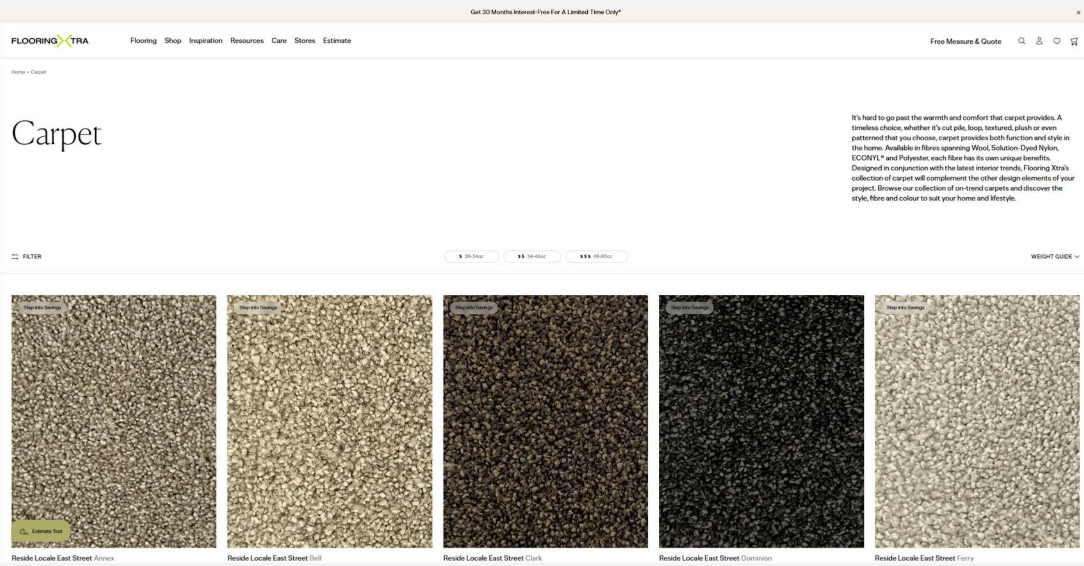
WEBSITE LINK	SCREENSHOT
[MeasureUp]	
[Deans Flooring]	
[Floorcraft]	

PUBLIC VERSION

WEBSITE LINK	SCREENSHOT
[Harrisons Flooring] (no carpet brands displayed on website)	
[Carpet Court] (lead with generic / no brand carpet)	

PUBLIC VERSION

WEBSITE LINK	SCREENSHOT
[Flooring Xtra] (lead with generic / no brand carpet)	

Appendix B:

Bremworth Strategic Review Timeline

DATE	EVENT
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