

**Directorate for Financial and Enterprise Affairs  
COMPETITION COMMITTEE****Annual Report on Competition Policy Developments in Singapore****-- 2017 --****6-8 June 2018**

This report is submitted by Singapore to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 6-8 June 2018.

**JT03432718**

## 1. Executive summary

1. The Competition & Consumer Commission of Singapore (“CCCS”) is Singapore’s national competition authority. It is an independent statutory body with the mandate of administering and enforcing the Competition Act (Cap. 50B). CCCS is a statutory board under the purview of the Ministry of Trade and Industry (“MTI”) in Singapore.

2. With effect from 1 April 2018, CCCS also became the administering agency of the Consumer Protection (Fair Trading) Act (Cap.52A) (“CPFTA”) which is aimed at protecting consumers against unfair trade practices in Singapore. The name ‘Competition Commission of Singapore’ was accordingly changed to reflect these new responsibilities. Competition and consumer protection laws can share a close and complementary relationship and the added consumer protection responsibilities augment CCCS’s mission of making markets work well to create opportunities and choices for businesses and consumers in Singapore.

3. The Competition Act sets out in section 6(1) the functions and duties of CCCS. It empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities including the imposition of financial penalties.<sup>1</sup> Other key functions of CCCS are its advisory function to government or other public authorities on national needs and policies in respect of competition matters<sup>2</sup> and its role as the national body representative of Singapore in respect of competition matters<sup>3</sup>.

4. The financial reporting year from 1 April 2017 to 31 March 2018 (hereinafter referred to as “FY 2017/18”) has been a fruitful one for CCCS. This report provides an overview of the significant developments and milestones in competition law and policy that have occurred in Singapore during this financial year.

5. In summary, the Competition (Amendment) Bill was passed in Parliament on 19 March 2018, following CCCS undertaking a comprehensive review of the Competition Act and publicly consulting on these changes. CCCS also issued two infringement decisions for alleged bid-rigging and price-fixing, and one supplementary proposed infringement decision for price fixing and a non-compete agreement. Further, CCCS accepted commitments in two abuse of dominance cases involving restrictive industry practices and exclusive agreements.

6. CCCS has also been active in engaging its key stakeholders on broader competition issues and policy. In this regard, CCCS concluded three market studies<sup>4</sup> and issued thirty-three competition advisories to government ministries/agencies providing

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<sup>1</sup> The three key prohibitions under the Competition Act are: the prohibition against agreements between undertakings, decisions by associations of undertakings, or concerted practices that have as their object or effect the prevention, restriction or distortion of competition in Singapore (section 34); the prohibition against any conduct on the part of one or more undertakings which amounts to the abuse of a dominant position in any market in Singapore (section 47); and the prohibition against mergers that have resulted in, or may be expected to result, in a substantial lessening of competition within any market in Singapore (section 54).

<sup>2</sup> Competition Act, section 6(1(f)).

<sup>3</sup> Competition Act, section 6(1(e)).

<sup>4</sup> This includes market inquiries in which CCCS used its formal powers under the Competition Act to require documents/information from relevant stakeholders.

advice from a competition policy perspective. Furthermore, CCCS has in collaboration with the Personal Data Protection Commission and the Intellectual Property Office in Singapore, published a research paper on Big Data entitled, “Data: Engine for Growth – Implications for Competition Law, Personal Data Protection and Intellectual Property Rights”. CCCS also published a regional “Handbook on E-commerce and Competition for government agencies in ASEAN”, providing best practices on implementing competition policy and law.

7. In June 2017, with the aim of strengthening CCCS’s capacity to deal with more complex cross-border cases, CCCS also signed its first memorandum of understanding with an overseas competition authority, the Japan Fair Trade Commission, to facilitate enforcement cooperation and deepen information exchange between the two authorities.<sup>5</sup>

8. To complement its enforcement efforts, CCCS has been active in outreach. In FY 2017/18, CCCS conducted over thirty-five outreach events across different industries and institutions within Singapore. The outreach activities include advocacy sessions with trade associations,<sup>6</sup> government agencies,<sup>7</sup> universities<sup>8</sup> and junior colleges.<sup>9</sup> Notably, CCCS together with the Singapore Academy of Law (“SAL”) organised a competition law conference on 16 August 2017 dealing with disruptive innovation and big data in the new economy.<sup>10</sup>

## 2. Changes to competition laws and policies, proposed or adopted

### 2.1. Summary of new legal provisions of competition law and related legislation<sup>11</sup>

9. The Competition Act was first enacted in 2004 and was subsequently amended in 2005<sup>12</sup> and 2007<sup>13</sup>. More recently, CCCS embarked on another review of the Act to identify and propose amendments to improve the efficacy of the competition law framework in Singapore. On 19 March 2018, the Competition (Amendment) Bill No.8/2018 was passed in Parliament.<sup>14</sup> The Bill was introduced in Parliament on 27

<sup>5</sup> <https://www.cccs.gov.sg/media-and-publications/media-releases/ccs-jftc-sign-first-framework-agreement-for-enforcement-cooperation>

<sup>6</sup> Including Singapore Chinese Chamber of Commerce & Industry, Singapore Corporate Counsels Association, Corporate Governance & Regulatory Committee of the Singapore International Chamber of Commerce.

<sup>7</sup> Including ISEAS – Yusof Ishak Institute and Civil Service College.

<sup>8</sup> Including Singapore Management University and National University of Singapore.

<sup>9</sup> Including Temasek Junior College, Meridian Junior College and Catholic Junior College.

<sup>10</sup> <https://www.cccs.gov.sg/tools-and-resources/events/ccs-sal-conference-2017-disruptive-innovation-and-big-data>

<sup>11</sup> <https://www.cccs.gov.sg/public-register-and-consultation/public-consultation-items/2017-public-consult-on-proposed-changes-to-competition-act>

<sup>12</sup> Competition Amendment Bill No. 32/2005.

<sup>13</sup> Competition Amendment Bill No. 11/2007.

<sup>14</sup> [https://www.parliament.gov.sg/docs/default-source/default-document-library/competition-\(amendment\)-bill-8-2018.pdf](https://www.parliament.gov.sg/docs/default-source/default-document-library/competition-(amendment)-bill-8-2018.pdf)

February 2018 following a public consultation<sup>15</sup> on the proposed changes to the Act which was conducted by CCCS between 21 December 2017 and 11 January 2018. The key amendments are as follows:

***2.1.1. CCCS may accept binding and enforceable commitments for cases involving anti-competitive agreements and an abuse of dominant position***

10. Sections 60A and 60B of the Competition Act were amended to allow CCCS to accept binding and enforceable commitments for cases involving anti-competitive agreements (section 34 prohibition) and abuse of dominant position (section 47 prohibition). Previously, only commitments offered for mergers (section 54 prohibition) were binding and enforceable. The amendments align CCCS's approach to commitments for all three main prohibitions under the Competition Act. CCCS will cease investigations when it accepts the offered commitments.

***2.1.2. CCCS may conduct general interviews during inspections and searches***

11. Section 63 of the Act has been amended to empower CCCS enforcement officers entering any premises for the purposes of an investigation, to orally examine any individual on the premises. The amendment aims to streamline the process of service of various documents to occupants of a premise and minimise any potential disruption to businesses.

***2.1.3. CCCS may provide confidential advice on anticipated mergers as a statutory process***

12. Businesses who are interested to enter into a merger, but are concerned about whether the anticipated merger, if carried into effect, will infringe the Competition Act, may file a notification for CCCS's formal decision; or in a situation where information about the merger is not yet in the public domain, they can approach CCCS for confidential advice.<sup>16</sup> The new section 55A formalises CCCS's provision of confidential advice on anticipated mergers in a situation where information about the merger is not yet in the public domain. CCCS will base its assessment of the anticipated merger on the information provided by the merging entities and will not request for information from third parties, for example the applicant's key competitors or customers, or conduct any public consultation to assist with the confidential assessment. The advice that CCCS issues, in these circumstances, under the new section 55A is not binding.

13. The aim of the above key amendments is to provide CCCS with appropriate enforcement tools in line with international best practices and to streamline existing processes.

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<sup>15</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/public-register-and-consultation/public-consultation-items/2017-public-consult-on-proposed-changes-to-competition-act/consultation-document-for-competition-amendment-bill-2018.pdf?la=en&hash=2F2F469A3298123D16B825728D86FD3426A84AFE>

<sup>16</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/legislation/legislation-at-a-glance/cccs-guidelines/cccs-guidelines-on-merger-procedures-2016.pdf?la=en&hash=14484DD2B1D4D201EB6FC4FD96D586DD5F79BFEE>

## 2.2. Other relevant measures, including new guidelines

14. On 22 January 2018, CCCS issued for public consultation its draft guidance note for the competition assessment of airline alliance agreements (the “Airline Guidance Note”). CCCS also held a roundtable discussion on 30 January 2018 with interested parties.<sup>17</sup> The Airline Guidance Note was proposed in view of the increasing number of airline alliance agreements notified to CCCS for decision. Its purpose is to better assist airlines in considering whether to notify their agreement to CCCS. The roundtable discussion, attended by both competition law and economic practitioners and industry stakeholders, was held to facilitate the feedback by stakeholders to CCCS’s public consultation. The public consultation has now closed and CCCS is currently considering the feedback received.

## 3. Action against anti-competitive practices, including agreements and abuses of dominance

### 3.1. Case statistics

15. On average, CCCS handles more than 40 active cases/matters per year.<sup>18</sup> These matters include investigations into possible infringements of the Competition Act, notifications lodged with CCCS for guidance or decision, appeals to the Competition Appeal Board (“CAB”) against CCCS’s decisions, competition advisories and market studies.

16. Key cases/matters completed by CCCS in FY 2017/18 are follows:

**Table 1.**

	Key cases/matters in FY 2017/18
Infringement Decisions /Proposed Infringements Decisions of the Act	3
Investigation Cases where Commitments were Accepted	2
Notifications for Guidance or Decision <sup>19</sup>	5
Appeals	1
Competition Advisories	33
Market Studies	2
Preliminary Enquiries	8
Complaints Received and Processed	210

<sup>17</sup> <https://www.ccs.gov.sg/tools-and-resources/events/airline-guidance-note-roundtable-discussion>

<sup>18</sup> Based on figures over the last five years.

<sup>19</sup> An application can be made to CCCS for a decision or guidance as to whether conduct by an undertaking (s) infringes the section 34 and/or the section 47 of the Competition Act. Applications can also be made with regard to whether an anticipated or completed merger infringes section 54 of the Competition Act.

### 3.2. Action against anticompetitive agreements and/or concerted practices

17. The following are key cases completed in 2017 where either an infringement decision or proposed infringement decision was issued.

#### *3.2.1. F1 Singapore Grand Prix electrical services tender and GEMS World Academy asset tagging tender*<sup>20</sup>

18. On 28 November 2017, CCCS issued an Infringement Decision<sup>21</sup> against three undertakings<sup>22</sup> for bid-rigging in the tender for the provision of electrical services for the Formula 1 Singapore Grand Prix for the years 2015 to 2017. The Singapore Grand Prix, which involves night racing, is a key annual sporting event in Singapore. Instead of all the bids being based on each undertaking's own independent calculations, one undertaking had prepared different price schedules with final bid prices for the other two undertakings. Subsequently, the final bid price was about 30% lower than the rest. CCCS imposed financial penalties amounting to S\$609,118 on the three undertakings for this infringement.

19. Separately, two of the three undertakings were also found to have rigged their bids in a tender by GEMS World Academy (Singapore) for asset-tagging services (which included the provision of hardware, software and manpower to generate barcodes for tagging individual assets). One contractor prepared a quote for the other that was two times higher than its own quote and won the tender. The financial penalties for this infringement totalled S\$17,000. No appeal was filed against CCCS's decision.

20. Following from this Infringement Decision, CCCS has conducted a number of bid-rigging seminars to raise awareness of competition law and to stress the importance of independence in the determination bid prices.

#### *3.2.2. Cartel involving fresh chicken distributors*<sup>23</sup>

21. On 21 December 2017, CCCS issued a Supplementary Proposed Infringement Decision ("SPID") against 13 fresh chicken distributors for engaging in anti-competitive agreements to coordinate the amount and timing of price increases and agree not to compete for each other's customers in the market for the supply of fresh chicken products.

<sup>20</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/ccs-issues-id-for-bidrigging-in-electrical-services-and-asset-tagging-tenders/media-release-on-ccs-id-for-bid-rigging-in-electrical-services-and-asset-tagging-tenders.pdf?la=en&hash=E37B8F57686E5FB91961A8699C017C9BEB826D7D>

<sup>21</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/public-register-and-consultation/public-consultation-items/id-for-bidrigging-in-electrical-services-and-asset-tagging-tenders/1-id--public-versionfinalsigned.pdf?la=en&hash=D8B544C6526207B8B2E7C13167C8DF1B89362EF1>

<sup>22</sup> Under the Competition Act, section 2, "undertaking" means any person, being an individual, a body corporate, an unincorporated body of persons or any other entity, capable of carrying on commercial or economic activities relating to goods or services.

<sup>23</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/ccs-issues-sp-id-against-fresh-chicken-distributors/media-release-on-sp-id-against-fresh-chicken-distributor-211217.pdf?la=en&hash=7AACDC84026F835090BDDB2EB4219BB395B479F0>

22. CCCS commenced its investigation into the fresh chicken distribution industry after it received a complaint on the alleged anti-competitive conduct. CCCS provisionally found that the distributors who are in the business of trading in or distributing fresh chicken products had engaged in discussions, from at least 2007 to 2014, on prices and had also expressly coordinated the price increases of certain fresh chicken products sold in Singapore. During these meetings, the distributors also agreed to not compete for each other's customers.

23. The SPID was issued following further investigations conducted, in view of new evidence provided<sup>24</sup> after the Proposed Infringement Decision ("PID")<sup>25</sup> was issued against the distributors on 8 March 2016. The purpose of the SPID is to allow the distributors to address the new evidence that has arisen since the issuance of the PID.

24. CCCS's assessment of this matter is on-going.

### *3.2.3. Capacitor manufacturers involved in global cartel for price fixing and information exchange*<sup>26</sup>

25. On 5 January 2018, CCCS issued an Infringement Decision<sup>27</sup> against five capacitor manufacturers for price-fixing and exchanging confidential information on sales, distribution and pricing of Aluminium Electrolytic Capacitors ("AECs").

26. AECs are essential electrical components that are commonly used in electrical devices such as computers and a variety of domestic appliances. The five capacitor manufacturers sold AECs to original equipment manufacturers, electronic manufacturing services providers, distributors that resell capacitors to other end-user customers and international procurement offices based in Singapore.

27. CCCS's investigation, commenced following a leniency application, found that the manufacturers, who were close competitors, held regular meetings in Singapore where they exchanged confidential and commercially sensitive business information, discussed and agreed on sales prices, including various price increases; and agreed to collectively reject customers' requests for reduction in prices of AECs sold to them. CCCS considers that the harm to competition caused by this infringement was significant as this was a long-running cartel made up of the major suppliers of AECs in the ASEAN region.

28. This is CCCS's third case involving a global cartel. In its investigation, CCCS had exchanges with and cooperated with the competition authorities of the United States, European Union, Japan and Taiwan. In particular, CCCS shared its experience on gathering evidence from the manufacturers, the progress of CCCS's assessment of the same and discussed various procedural issues relating to the investigation with these agencies.

<sup>24</sup> CCCS received a number of leniency applications following the issuance of its PID.

<sup>25</sup> <https://www.ccs.gov.sg/media-and-publications/media-releases/ccs-issues-pid-against-13-fresh-chicken-distributors-for-price-fixing-and-market-sharing>

<sup>26</sup> <https://www.ccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/capacitor-id-5-jan18/mr-id-against-capacitor-manufacturers-5-jan-18.pdf?la=en&hash=85677237D7B133201137317912BBADEDE08EBDB4>

<sup>27</sup> <https://www.ccs.gov.sg/-/media/custom/ccs/files/public-register-and-consultation/public-consultation-items/ccs-fines-capacitor-manufacturers-involved-in-global-cartel/capacitor-id-public-signed.pdf?la=en&hash=ABAE7AA9A3E53DAAF7BAD36DC2D8A2E2812D0C62>

29. The financial penalty imposed for this case amounted to S\$19,552,464, which is the highest financial penalty imposed by CCCS to date. No appeal was filed against CCCS's decision.

#### ***3.2.4. Appeal: Financial advisers penalised for pressurising a competitor to withdraw offer from the life insurance market***<sup>28</sup>

30. On 16 May 2017, IPP Financial Advisers Pte. Ltd. ("IPP") appealed to the Competition Appeal Board ("CAB") against CCCS's infringement decision<sup>29</sup> against IPP and nine other financial advisers. The financial advisers were found to have infringed the Act by agreeing to pressurise iFAST Financial Pte. Ltd. ("iFAST") into withdrawing its offer of a 50% commission rebate for purchases of life insurance products distributed through its Fundsupermart.com website ("Fundsupermart Offer").

31. The launch of iFAST's Fundsupermart Offer disrupted the financial advisory industry in the distribution of life insurance products in Singapore – the leveraging of iFAST's established online platform to reach out to its wide client base was not only innovative but also efficient, allowing iFAST to save on distribution costs. These cost savings could then be passed on to consumers through a significant commission rebate. CCCS's investigations revealed that the financial advisers held an association meeting in which they appointed a representative amongst them to contact and pressurise iFAST into withdrawing the Fundsupermart Offer. Within two days, iFAST withdrew the Fundsupermart Offer due to collective pressure from the Parties. Notwithstanding the short duration of the actual conduct, CCCS considered its impact to have been significant and imposed financial penalties on the ten financial advisers totalling S\$909,302.

32. IPP, in its appeal, sought a substantial reduction in the S\$239,851 financial penalty imposed on it. After hearing the evidence of IPP's witnesses and the arguments of IPP and CCCS, the CAB affirmed CCCS's Infringement Decision and dismissed all of IPP's grounds of appeal.<sup>30</sup> IPP was ordered to pay CCCS the financial penalty originally imposed on it together with interest and costs of the appeal.

### **3.3. Action against abuse of dominance**

#### ***3.3.1. Investigations in lift spare parts suppliers***<sup>31</sup>

33. On 28 March 2018, CCCS accepted commitments by BNF Engineering (S) Pte Ltd ("BNF")<sup>32</sup> and C&W Services Operations Pte Ltd ("CWO")<sup>33</sup>. BNF and CWO had

<sup>28</sup> <https://www.ccs.gov.sg/media-and-publications/media-releases/cab-upholds-financial-penalty-dismisses-appeal-by-financial-adviser>

<sup>29</sup> [https://www.ccs.gov.sg/-/media/custom/ccs/files/public-register-and-consultation/public-consultation-items/id-against-10-financial-advisers/fundsUPERMART-ID\\_public-register.pdf?la=en&hash=178FB3D7BEB0E8AC5C9FCF0CBABB132B079D2794](https://www.ccs.gov.sg/-/media/custom/ccs/files/public-register-and-consultation/public-consultation-items/id-against-10-financial-advisers/fundsUPERMART-ID_public-register.pdf?la=en&hash=178FB3D7BEB0E8AC5C9FCF0CBABB132B079D2794)

<sup>30</sup> <https://www.mti.gov.sg/legislation/Documents/Appeal%201%20of%202016%20-%20Decision.pdf>

<sup>31</sup> <https://www.ccs.gov.sg/media-and-publications/media-releases/lift-suppliers-voluntary-commitments>

<sup>32</sup> <https://www.ccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/lift-commitments-28-march-18/annex-a---bnf-commitment.pdf?la=en&hash=FFD45BCC9C237D49D4799B5A3476405F4C55D7DA>



each separately proposed voluntary commitments to in relation to the supply of their lift spare parts to third-party contractors. The voluntary commitments provide that BNF and CWO will supply their lift spare parts of the relevant brands to a purchaser on a fair, reasonable and non-discriminatory (“FRAND”) basis, subject to certain terms and conditions.

34. CCCS has been investigating allegations that several companies were refusing to supply lift spare parts<sup>34</sup> required for the maintenance of lifts in Housing & Development Board (“HDB”)<sup>35</sup> estates. For lift maintenance, HDB town councils can choose to either appoint the original lift suppliers of the respective brands to undertake the maintenance services for each brand of lifts, or to engage third-party contractors to provide lift maintenance services for the multiple lift brands within the estate. Third-party contractors bidding for lift maintenance projects that include multiple brands would require brand-specific spare parts from various lift suppliers.

35. CCCS notes that the majority of the over 20,000 lifts<sup>36</sup> installed in HDB estates across Singapore are currently being maintained by the original lift suppliers. In its investigations, CCCS found that if a lift supplier does not provide proprietary but essential lift spare parts to the third-party contractors, the latter may be prevented from effectively competing in the aftermarket for maintaining and servicing lifts of that particular brand in Singapore.

36. The voluntary commitments, which were subject to a public consultation, address the competition concerns raised by CCCS in relation to the supply by BNF and CWO of their respective brand of lift spare parts. The commitments not only promote more effective competition in provision of lift maintenance services by enabling third-party lift maintenance contractors have access to essential lift spare parts, but also enable a single tender for lift maintenance across various lift brands to be called, in lieu of contracting with multiple parties (i.e. the original lift installers of the respective brands). CCCS understands that there could potentially be cost savings in engaging third-party lift maintenance for multiple brands, compared to having procure lift maintenance services from each original lift installers.

37. CCCS will continue its investigations into the supply of other brands of lift spare parts to ensure access to essential lift spare parts for third-party maintenance contractors and to effectively compete for lift maintenance for these other brands of lifts.

### 3.4. Mergers and acquisitions

38. Singapore adopts a voluntary merger notification system. On average, CCCS receives around 5.7 merger notifications per year.<sup>37</sup> In FY 2017/2018, CCCS received six merger notifications. Besides receiving merger notifications, CCCS also performs a

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<sup>33</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/lift-commitments-28-march-18/annex-b---cwo-commitment.pdf?la=en&hash=EC67873E3C30AB23C99E5151684CB1AD88022DB8>

<sup>34</sup> These are proprietary spare parts such as electronic controllers and control boards.

<sup>35</sup> HDB is Singapore’s public housing authority.

<sup>36</sup> Currently we have around 59,000 passenger lifts, with 24,000 of these in public housing estates, all of which are used with high-frequency on a daily basis.

<sup>37</sup> Based on figures over the last seven years.

horizon scanning function and may initiate investigations into un-notified mergers which may have resulted, or may be expected to result, in a substantial lessening of competition. The focus of CCCS's analysis is on evaluating the impact of the merger in Singapore and how the competitive incentives of the merger parties and their competitors may change as a result of the merger.<sup>38</sup>

#### ***3.4.1. Proposed acquisition by SK Holdings Co. Ltd. of LG Siltron***

39. On 12 May 2017, CCCS cleared the proposed acquisition by SK Holdings Co. Ltd. ("SK Holdings") of 51% shares in LG Siltron Inc. ("LG Siltron") for approximately S\$743 million.

40. SK Holdings is a holding company of the SK group and does not have any direct business interests in the semiconductor industry. However, within the SK group, SK Hynix Inc. ("SK Hynix") is in the business of the manufacture and sale of semiconductors, in particular Dynamic Random Access Memory ("DRAMs") and NAND flash memory products. LG Siltron's principal business is in manufacturing and selling of silicon wafers. It is not involved in the manufacture or sale of DRAMs and NAND flash memory products.

41. Even though there were no horizontal overlapping goods or services sold by the parties to the transaction, CCCS noted that as SK Holdings and SK Hynix were both companies within the SK group, there may exist vertical links between them. CCCS consequently focused its assessment on the upstream supply of silicon wafers, and downstream supply of DRAMs and NAND flash memory products that may be vertically integrated as a result of the proposed acquisition.

42. After reviewing the parties' submissions and feedback from customers and competitors following a public consultation, CCCS concluded that the proposed acquisition was unlikely to lead to a substantial lessening of competition in Singapore.

#### ***3.4.2. Merger of book distributors: Times Publishing and Penguin Group<sup>39</sup>***

43. On 25 September 2017, CCCS granted conditional approval of Times Publishing Limited's ("TPL") proposed acquisition of Penguin Random House Pte. Ltd. and Penguin Books Malaysia Sdn. Bhd. (collectively "Penguin Group Companies") from Penguin Random House Limited ("PRH"). The proposed acquisition entails TPL acquiring from PRH the entire and paid-up capital of each of the Penguin Group Companies and entering into an exclusive distribution agreement with publishers that are part of the Penguin Random House Group.

44. Prior to the proposed acquisition, neither PRH nor the Penguin Group Companies were affiliated with any book retailer in Singapore, and books published by PRH were sold by different distributors to retailers. After the proposed acquisition, the publishers' titles are to be distributed exclusively in Singapore, Malaysia and Brunei by the merged entity, which would be affiliated with a downstream retailer, namely Times The Bookshop. CCCS identified that this may lead to the merged entity having greater ability

<sup>38</sup> Paragraph 1.2 of CCCS Guidelines on Merger Procedures 2012.

<sup>39</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/timespenguin-merger-ccs-approved-with-commitments-25sept17/mrtimespenguin-mergerccs-conditionally-approved-25-sept2017.pdf?la=en&hash=25F282CFC0E00CBC167C8BEC81F8741B656EF3C6>

and incentive to discriminate or restrict the supply of the publishers' titles to other retailers.

45. To address CCCS's competition concerns, TPL committed, *inter alia*, to supply third-party retailers the full range of books by the publishers on a FRAND basis during the period of exclusive distribution.<sup>40</sup> TPL also committed to applying the same distributor recommended retail price to all retailers, and will apply discounts to retailers in a FRAND manner, based on a set of objective discount criteria. CCCS approved the proposed acquisition, conditional upon the implementation of and compliance with the commitments by TPL.

### ***3.4.3. Proposed acquisition by Jacobs Douwe Egberts Holdings Asia NL BV of shares of OldTown Berhad<sup>41</sup>***

46. On 30 January 2018, CCCS cleared the proposed acquisition by Jacobs Douwe Egberts Holdings Asia NL B.V. ("JDE Asia") of the entire issued and outstanding share capital of OldTown Berhad ("OT"). The proposed acquisition results in Jacobs Douwe Egberts B.V. acquiring sole control over OT, as JDE Asia is its wholly-owned subsidiary.

47. Jacobs Douwe Egberts ("JDE") is a global coffee company that owns various brands in 27 countries across Europe, Latin America and Australia. OT is a publicly-listed company on Bursa Malaysia, and is active in the manufacturing and marketing of coffee and other beverages in points of distribution globally; and the operation of retail cafes under the "OldTown White Coffee" brand. The JDE group of companies and OT overlap in the supply of instant coffee and milk tea mixes for in-home sales in Singapore. There is also a marginal overlap between the merging parties in the supply of instant coffee mixes for out-of-home sales in Singapore. However, in view of the negligible presence of the merging parties in the supply of instant coffee mixes for out-of-home sales in Singapore, CCCS's assessment has focused on the markets for the supply of instant coffee and milk tea mixes for in-home sales.

48. Even though the merging parties overlap in the supply of their goods, they face competition from a number of suppliers in the market for the supply of instant coffee and milk tea mixes for in-home sales in Singapore. As such, CCCS concluded that the proposed acquisition, if carried into effect, will not lead to a substantial lessening of competition in the supply of instant coffee mixes and instant milk tea mixes for in-home sales in Singapore.

### ***3.4.4. Proposed joint venture between CAE International and SIA<sup>42</sup>***

49. On 31 January 2008, CCCS cleared the proposed joint venture between CAE International Holdings Limited ("CAE") and Singapore Airlines Limited ("SIA") to create a full function joint venture company that will develop and operate a commercial

<sup>40</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/timespenguin-merger-ccs-approved-with-commitments-25sept17/annex-3-commitment-by-tpl.pdf?la=en&hash=23051BD0FE74D94ABDC06EA89C1D9D81C96BB298>

<sup>41</sup> <https://www.cccs.gov.sg/media-and-publications/media-releases/oldtown-and-jacobs-douwe-egberts-approved-acquisition>

<sup>42</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/cae-and-sia-clearance/mrclearance-of-proposed-joint-venture-between-cae-and-sia-31-jan-18.pdf?la=en&hash=7478F932693335DE09B8FBE13DB3EEE43661340E>

flight training centre in Singapore to offer type-rated<sup>43</sup>, recurrent<sup>44</sup>, and conversion pilot training, for various Boeing aircraft types<sup>45</sup> (the “Proposed JV”).

50. CAE functions as an investment holding company of the CAE Inc. group of companies which offers a range of flight training devices. The principal activities of SIA consist of passenger and cargo air transportation, training of pilots and engineering services. CCCS considered that the relevant markets affected by the Proposed JV are:

- The provision of pilot training services for the Boeing Aircraft Types in the Asia Pacific region; and
- The supply of training devices (including simulation software) for the Boeing Aircraft Types worldwide.

51. After reviewing the merging parties’ submissions and feedback from customers and competitors, CCCS assessed that the Proposed JV would not result in a combined market share that would raise competition concerns. CCCS concluded that the Proposed JV is unlikely to lead to a substantial lessening of competition within the relevant markets.

## 4. The role of competition authorities in the formulation and implementation of other policies

### 4.1. Advisories

52. CCCS acts to advocate pro-competition policies within the government by providing advice to ministries, statutory boards and other public bodies on a wide range of competition issues, including the impact of specific government initiatives on competition in the affected markets, the structure of public procurement to encourage greater competition between suppliers, the supply of goods and services by the government, and government divestments.

53. In FY 2017/2018, CCCS has worked closely with various ministries and statutory boards to gain a better understanding of the markets they regulate, and to provide advice on competition issues covering a wide range of activities within these markets. During this financial year, CCCS issued thirty-three competition advisories in a range of areas including construction, financial activities, foodstuff, healthcare, legal and transport.

### 4.2. Market studies

54. CCCS’s work in market studies can also serve to impact the formulation and implementation of government policies. In this regard, following CCCS’s market inquiry into the supply of formula milk in Singapore (which is described in section 5 below), various government agencies are studying the recommendations contained in the report and formulating their responses to tackle the issues identified.

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<sup>43</sup> Type-rated pilot training enables a pilot to operate a specific type of aircraft.

<sup>44</sup> Recurrent training enables a type-rated pilot to retain the necessary license endorsements for that specific type of aircraft.

<sup>45</sup> The Proposed JV may offer training for other Boeing aircraft platforms.

## 5. Resources of competition authority

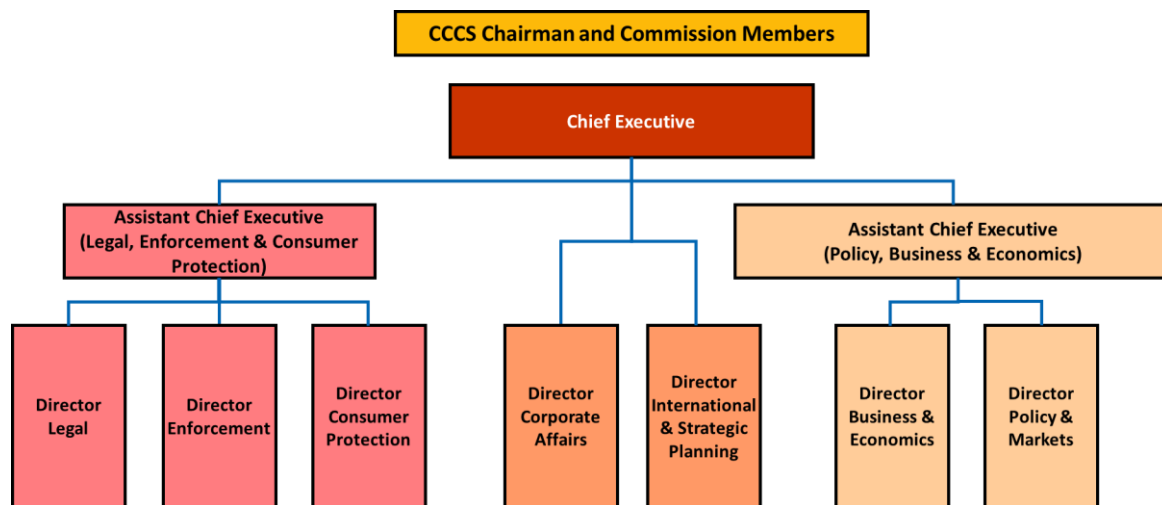
### 5.1. CCCS's commission members

55. The Commission is constituted by a Chairman and between two and sixteen members<sup>46</sup> who are appointed by the Minister for MTI for three to five year terms.<sup>47</sup> CCCS's commission is currently comprised of nine commission members from a diverse range of public and private sector backgrounds, including civil service, business and academia.<sup>48</sup> Solicitor-General Mr. Kwek Meng Luck from the Attorney General's Chambers has recently been appointed as a commission member to replace Second Solicitor-General Ms. Mavis Chionh.

### 5.2. Organisational structure

56. CCCS is structured into seven divisions: Business and Economics, Consumer Protection, Corporate Affairs, Enforcement, International Strategic Planning, Legal, and Policy and Markets. Case work and projects are carried out in cross-divisional teams which draw on the experience and knowledge of officers, as appropriate, to a particular case or matter.

Figure 1.



### 5.3. Human resources

57. CCCS's personnel have a wide range of skills and experience to ensure the organisation's effective functioning. CCCS case officers have a background in economics, law, business, or finance, and their experience is from a mix of both public

<sup>46</sup> Competition Act, section 5.

<sup>47</sup> Competition Act, First Schedule, paragraphs 1 and 3.

<sup>48</sup> <https://www.ccs.gov.sg/about-ccs/organisation-structure/commission-members>

and/or private sector. As of 1 April 2018, CCCS has a total staff strength of seventy people.

#### 5.4. Budget

58. CCCS's total budget for the period FY 2017 was \$16,856,200 (Singapore Dollars).

### 6. Summaries of or references to new reports and studies on competition policy issues

#### 6.1. Market studies

59. CCCS undertakes market studies that are likely to be in the public interest, or in the long-term interest of consumers. In FY 2017/2018, CCCS concluded three separate market inquiries.

##### *6.1.1. Supply of formula milk for infants and young children<sup>49</sup>*

60. On 10 May 2017, CCCS published its findings from its market inquiry into the supply of formula milk in Singapore. This market inquiry sought to understand the significant increase in prices of formula milk in Singapore, and thereafter in assessing the nature of competition at each level of the supply chain, provide recommendations to improve the functioning of competition in the formula milk market in Singapore.

61. CCCS found that the increase in mark-up of wholesale prices over manufacturing costs by formula milk manufacturers was the main contributor to increases in the retail prices of formula milk. The increased mark-up was found to have been driven by the heavy investment into marketing and research & development (R&D) activities undertaken by formula milk manufacturers. Further, driven by strong consumer brand loyalty and a preference for "premium" brands in Singapore, these manufacturers compete mainly by building a premium brand image through aggressive marketing activities and reinforcing this image by engaging in R&D.

62. CCCS made the following three broad recommendations to lower barriers to entry and improve the level of price competition particularly between manufacturers:

- Educate consumers on the nutritional content of formula milk and the nutritional requirements of infants and young children, and to improve consumer awareness of the availability of a variety of formula milk products at different price points.
- Encourage price competition within the same brands by reviewing parallel importation rules while still maintaining food safety and security, as well as between brands through exploring the introduction of private labels.
- Review the sponsorships and payments that formula milk manufacturers provide and their impact on milk rotation programmes in hospitals.

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<sup>49</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/media-releases/infant-formula-milk/formula-milk-market-study-for-publication-9-may-1630-hrs.pdf>

### *6.1.2. Supply of car parts<sup>50</sup>*

63. On 11 December 2017, CCCS concluded its inquiry into the supply of car parts in Singapore. The inquiry enabled CCCS to better understand how the car parts market in Singapore works and the effects of market features on competition.

64. CCCS identified concerns with regard to car dealers requiring customers to service or repair their cars exclusively at the respective dealers' authorised workshops, in order to ensure that the car warranty remains valid. These restrictions deter car owners from using independent workshops, thus impacting the independent workshops' ability to compete effectively with authorised workshops.

65. To address this, CCCS raised its concerns with the major car dealers<sup>51</sup> and worked with them to amend or remove the warranty restrictions from their car warranties and related documents. All the major car dealers agreed to make the relevant changes to the warranty terms identified by CCCS. With the changes, these car dealers may void car warranties or reject claims only if they establish that the damage or defect to be claimed under the warranty is in fact caused by the independent workshops. The amendment of the warranty restrictions facilitates a more competitive market for car repairs and servicing, with more choices for car owners, and opportunities for existing and new independent workshops.

### *6.1.3. Retail petrol market<sup>52</sup>*

66. On 19 December 2017, CCCS released the key findings from its inquiry into the retail petrol market in Singapore which was commissioned to better understand petrol retailers' pricing process and motorists' purchasing habits. The inquiry analysed information received from industry players, experts from overseas competition authorities, local banks, and developers of mobile applications that compare petrol prices, as well as motorists.

67. Information available to CCCS did not indicate collusion or exchange of commercially sensitive information between the petrol retailers in Singapore. CCCS found that there is price differentiation between petrol retailers through the use of discounts and a high brand loyalty among consumers.

68. The findings revealed that greater transparency of effective retail prices will help consumers to make more informed choices and encourage a more competitive market. CCCS found that if all motorists in Singapore monitor petrol prices through comparison websites or mobile/tablet applications, they can potentially enjoy a total of S\$40 million in savings per year. CCCS is exploring the development of such a web portal and/or mobile application with relevant stakeholders so that more information regarding effective retail petrol prices can be made available to help consumers make more informed purchase decisions and encourage greater transparent competition amongst the

<sup>50</sup> <https://www.cccs.gov.sg/media-and-publications/publications/studies-research-papers/market-studies/market-inquiry-on-car-parts>

<sup>51</sup> The car brands that these car dealers distribute made up more than 90% of cars in Singapore in 2016.

<sup>52</sup> <https://www.cccs.gov.sg/media-and-publications/publications/studies-research-papers/market-studies/market-inquiry-on-retail-petrol-prices-in-singapore>

petrol retailers. CCCS has also recommended improving price transparency and raising consumer awareness on using the correct octane grades that optimise engine performance.

## 6.2. Projects

### 6.2.1. *Handbook on e-commerce and competition in ASEAN*<sup>53</sup>

69. On 16 August 2017, The *Handbook on E-Commerce & Competition in ASEAN* was launched by Mr. Lim Hng Kiang, Minister for MTI (Trade) at the CCS – SAL conference. The handbook highlights how e-commerce impacts traditional competition dynamics, outlining policy considerations and advocacy strategies to address the challenges of enforcing competition law with the rise of e-commerce activities. The handbook, which was completed by CCCS with inputs from ASEAN member states, aims to increase the understanding of the current level of development of e-commerce in ASEAN and outline the challenges emerging for competition authorities in the region. It also includes a compliance checklist to help businesses engaged in e-commerce activities identify and comply with competition laws in ASEAN.

### 6.2.2. *Data: engine for growth – Implications for competition law, personal data protection, and intellectual property rights*<sup>54</sup>

70. On 16 August 2017, CCCS published the research paper entitled, “*Data: Engine for Growth – Implications for Competition Law, Personal Data Protection and Intellectual Property Rights*”. The research paper was prepared in collaboration with the Personal Data Protection Commission and the Intellectual Property Office in Singapore. In the research paper, CCCS sought to explore the implications of the proliferation of data analytics and data sharing on competition policy and law, personal data regulation and intellectual property law in Singapore. The research paper incorporates findings by KPMG Services Pte. Ltd. who were commissioned to conduct a study on the data landscape in Singapore.<sup>55</sup> The research paper concluded that, while the advent of large data sets and data analytics may be fresh developments, Singapore’s existing analytical frameworks are sufficiently flexible and robust to deal with the competition issues that may arise in data driven industries.

## 7. International cooperation and relations

71. CCCS forges strong ties with overseas competition authorities to cooperate on competition law enforcement as well as to enhance technical cooperation and experience sharing. Such collaboration has served to enhance CCCS’s skills and capabilities to

<sup>53</sup> [https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/publications/inhouse-publication/ccs\\_ecommerce-handbook\\_2017.pdf?la=en&hash=57C2A1FADAB4B2D7D6F8289E7A4E9673217CE082](https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/publications/inhouse-publication/ccs_ecommerce-handbook_2017.pdf?la=en&hash=57C2A1FADAB4B2D7D6F8289E7A4E9673217CE082)

<sup>54</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/publications/occasional-paper/ccs-big-data-paper-16-aug-2017nonconfi-final.pdf?la=en&hash=D2390598C1CE3B805C2A9E711EEAB1456CDE7C53>

<sup>55</sup> <https://www.cccs.gov.sg/-/media/custom/ccs/files/media-and-publications/publications/occasional-paper/understanding-the-data-and-analytics-landscape-in-singapore--kpmg-16-aug-2017final.pdf?la=en&hash=B2C01F4568D5044716BED2D2E560E011A77DBFE2>



handle a broader spectrum of cases, many of which are increasingly cross-border in nature.

72. For example, in the 19<sup>th</sup> Meeting of the AEGC and other related meetings that were held from 3 to 7 April 2017 in Yangon, Myanmar, CCCS played an active role at the meetings and discussed plans for several new initiatives and projects that it would lead under the ASEAN Competition Action Plan. These include developing a competition compliance checklist for businesses in ASEAN and organising capacity-building workshops. In addition, CCCS, in chairing the AEGC meeting for the year 2018 has proposed for the establishment of a virtual ASEAN competition research centre, with the aim of stimulating research on competition policy and law in ASEAN. The key activities of the virtual centre would include hosting two research seminars in 2018 and 2019, and establishing a dedicated webpage on the AEGC web portal to house research work on competition policy and law in ASEAN.

73. CCCS has also been involved in various other events including the AEGC brainstorming meeting on developing an ASEAN competition compliance toolkit for businesses, an international conference on bolstering cooperation between ASEAN and the EU,<sup>56</sup> the ASEAN regulators' roundtable at Global Competition Review Live in Singapore and International Competition Network conferences.

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<sup>56</sup> <https://www.cccs.gov.sg/tools-and-resources/events/international-conference-on-bolstering-cooperation-between-asean-and-the-eu>