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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
COMPETITION COMMITTEE**

**Working Party No. 2 on Competition and Regulation**

**Assessing the Impact of Competition Authorities' Activities – Note by Singapore**

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## Singapore

### 1. Introduction

1. Similar to its counterparts in other jurisdictions, the Competition and Consumer Commission of Singapore (“CCCS”) evaluates the effectiveness of its competition law enforcement and policy interventions. This assessment serves two key purposes: (i) advocate the value of CCCS’s work to internal and government stakeholders; and (ii) evaluate the returns on resources allocated to addressing competition concerns.
2. Beyond enforcing against anti-competitive practices in Singapore, CCCS carries out market studies to understand, and where appropriate, to address competition concerns through policy interventions or advocacy efforts. CCCS also actively advises other government agencies on competition matters in their initiatives and policies. CCCS recognises that interventions through market studies and advisories contributes significantly to fostering open and contestable markets in Singapore, and therefore includes their benefits in its evaluation framework to provide a more comprehensive assessment on the impact of CCCS’s activities. CCCS carefully selects cases to be evaluated, in particular advisories to government agencies, depending on whether the case has met certain requirements, such as readily available information and clarity on the impact of the intervention, which allows CCCS to quantify the case in an accurate and conservative manner.
3. The following sections provide more details on how CCCS assesses the impact of its competition enforcement cases, market studies, advisories to government agencies and commitments that were provided by businesses.

### 2. Quantifying the benefits of CCCS’s interventions in Singapore

#### 2.1. Overview

4. CCCS was established on 1 January 2005 to administer and enforce the Competition Act 2004 (“**Competition Act**”). In 2018, CCCS took on the function of administering the Consumer Protection (Fair Trading) Act 2003, which allows actions to be taken against a supplier for engaging in unfair practices in Singapore.
5. CCCS conducts an annual quantification of benefits exercise to estimate the consumer benefits generated through its various interventions. While CCCS quantifies both competition and consumer protection matters, this submission focuses specifically on the quantification of benefits from competition cases. In relation to enforcement cases, CCCS quantifies benefits arising from cases that result in infringement decisions, commitments, modifications of practices or withdrawals of notifications,<sup>1</sup> to address competition concerns raised by CCCS. In its impact evaluation, CCCS generally computes the different types of intervention using the same methodology and figures, i.e., CCCS does not differentiate the way benefits are calculated based on the type of outcome. Hence, the benefit calculated for an infringement decision would be the same as, for example, a withdrawal of a merger due to competition concerns. However, CCCS does not quantify the benefits from appeal cases

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<sup>1</sup> Under the Competition Act in Singapore, businesses can notify mergers, agreements or unilateral practices for CCCS’s assessment of whether these activities would infringe the Competition Act.

or deterrence for its competition cases. CCCS evaluates the benefits generated from enforcing the prohibitions under the Competition Act in Singapore, namely, the prohibitions against anti-competitive agreements, abuse of dominance and mergers that substantially lessen competition.

6. Apart from enforcement cases, CCCS has also been quantifying the benefits from its market studies, and has expanded its quantification of benefits exercise to include government advisory work since 2023. These cases are quantified on a case-by-case basis, and only market studies or advisories where CCCS's intervention is expected to address the competition concerns identified, would be evaluated. For example, in government advisory cases, benefits are only quantified when CCCS has verified that the government agency has implemented or adopted CCCS's recommendation in the advisory relating to the benefits that are quantified.

## 2.2. CCCS's methodology and use of OECD guidance

7. CCCS's methodology for quantifying benefits requires two key estimations: (i) the size of the relevant turnover in the affected market; and (ii) the overcharge or price increase removed or avoided as a result of its intervention.

8. The quantification methodology for competition enforcement cases, market studies and advisories to government agencies are broadly guided by the following formula. The formula estimates the increase in price overcharge by the infringing business if not for CCCS's intervention.

*Benefits = Relevant turnover excluding price overcharge x Price effect*

9. In certain cases, CCCS recognises that the relevant turnover already incorporates the price overcharge from the anti-competitive conduct, such as in investigation cases. In such instances, CCCS uses the following formula to account for the price effect that is already reflected in the relevant turnover.

*Relevant turnover excluding price overcharge =  $\frac{\text{Relevant turnover including price overcharge}}{1 + \text{Price effect}}$*

10. CCCS generally calculates benefits based on the relevant turnover of businesses involved in the anti-competitive conduct or merger. In certain cases, this may mean the relevant turnover from all businesses in the market, for example, where CCCS found a market-wide practice that raises competition concerns during a market study. The methodology relies on two key assumptions:

- The anti-competitive practice/competition concern would result in an overcharge or price increase in the relevant market; and
- In the absence of CCCS's intervention, the anti-competitive practice will continue to prevail.

11. After calculating the annual benefits from a particular intervention, CCCS would include this benefit figure in its annual quantification of benefit exercise over the number of years that the benefit is expected to last. For example, if the benefit from an infringement decision is expected to last for three years, the quantified benefit from this case will be included in CCCS's total quantified benefits for three years.

12. While CCCS would rely on case-specific evidence obtained at the time of, or shortly after, the intervention to derive an informed estimate of the overcharge or price effect avoided and duration of benefit when such information is available, CCCS often relies on the default assumptions published by the OECD in its *Guide for helping*

*competition authorities assess the expected impact of their activities (“OECD Guide”)* for the expected price effect and duration of benefit<sup>2</sup> for cartels<sup>3</sup>, abuse of dominance and merger cases respectively. However, CCCS also makes adjustments on a case-by-case basis depending on the circumstances/assumptions in each case. In general, CCCS aims to quantify benefits conservatively. For instances where assumptions are made that there is only a 20% probability of anti-competitive effects in a particular case, then a 20% probability factor is applied to the calculated benefits.

13. In quantifying market studies and advisories to government agencies, CCCS recognises the difficulty in quantifying such cases as it often requires additional case-specific information and assumptions. In particular, for government advisory cases, CCCS estimates the size of the relevant turnover by either gathering information directly from agencies and/or relying on desktop research to supplement any information gaps. Nonetheless, for market studies and advisories, CCCS would still rely on the two key assumptions set out in paragraph 10 above. To be conservative, CCCS generally would only include the benefits from markets studies and advisories in its total benefits for one year.

14. Some examples of the impact assessment carried out by CCCS have been set out below.

### 2.3. Example of Quantifying Market Studies

15. In 2017, CCCS conducted a “*Market inquiry on car parts in Singapore*”,<sup>4</sup> which led to CCCS working with major authorised car dealers to remove warranty terms that could restrict competition for car servicing and repairs. CCCS relied on the formula set out in paragraph 8 and 9 to quantify the benefit in 2017:

Where:

1. Relevant turnover including price overcharge = Annual turnover for repair and servicing by major authorised car dealers.
2. Price effect = Percentage price difference between authorised workshops and independent workshops.

16. As a follow-up from the 2017 market study, CCCS noted that a certain non-major authorised car dealer had also imposed Warranty Restrictions<sup>5</sup> in their terms and conditions that could restrict competition in the motor vehicle repair and servicing market. In 2024, CCCS additionally reached out to non-major authorised car dealers to remove all Warranty

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<sup>2</sup> Based on the OECD Guide, the expected price effect in cartel, abuse of dominance and merger cases are 10%, 5% and 3% respectively. The expected duration of benefit for mergers is two years, while it is three years for cartels and abuses of dominance cases.

<sup>3</sup> While not all anti-competitive agreements are necessarily classified as cartels, CCCS generally applies the cartel defaults from the OECD Guide to interventions in anti-competitive agreements.

<sup>4</sup> Market Inquiry on Car Parts in Singapore, published on 11 December 2017.

<sup>5</sup> Warranty restrictions are terms and conditions that: (i) require customers to perform warranty repairs at authorised workshops; (ii) allow car dealers to reject a warranty claim over a defect or malfunction if they can establish that the defect or malfunction is caused by any repair, servicing or other actions carried out by third parties or the failure of the car owner to ensure that the car receives proper and periodic servicing according to the manufacturer’s recommended schedule; or (iii) allow car dealers to reject warranty claims in respect of parts that have been replaced or modified by third parties.

Restrictions from documents related to all the car brands that they were distributing or planning to distribute in Singapore. CCCS therefore quantified this follow-up intervention in 2024 solely in relation to non-major authorised car dealers. As CCCS had more information on the number of cars affected in 2024, CCCS relied on the following formula to quantify the benefit:

Benefits = Total number of cars affected x Annual price of servicing a car with an authorised workshop x Price effect

Where:

1. Total number of cars affected = Number of cars serviced by the car dealer annually.
2. Annual price of servicing a car with an authorised workshop = Determined through desktop research.
3. Price effect = Percentage price difference between authorised workshops and independent workshops.

#### **2.4. Example in Quantifying Government Advisories**

17. CCCS advised a government agency on whether its determination of fee guidelines in a certain industry with inputs from industry players would raise competition concerns. The government agency was advised that there should be a more balanced representation of stakeholder (including those that may represent customers' interest) in the determination of the fee guidelines.

18. In quantifying this advisory, CCCS obtained the average lowest price charged by private players for the standard basic service and applied a price overcharge assumption of 10% for cartel activities based on the OECD Guide, given that the potential competition concerns closely relate to potential coordination between private players. The price overcharge is then multiplied by the estimated total number of consumers that would engage the service in a year. As this was an advisory, the benefits were only included in the total quantified benefits for one year.

#### **2.5. Example in Quantifying Cases with Commitments**

19. In cases that result in businesses providing commitments to address CCCS's concerns and where these commitments are actively monitored by CCCS, CCCS will include such benefits in its total quantified benefits over the duration of the commitments. For example, in a notification of a cooperation agreement where commitments were submitted to address competition concerns, CCCS quantified the annual benefit of the commitments based on the formula set out in paragraph 8 above. Subsequently, this annual benefit is included in CCCS's total quantified benefits each year for as long as the commitments last and are monitored actively by CCCS.

#### **2.6. Overall Approach in Evaluating Benefits against Resources**

20. To evaluate the effectiveness of CCCS's activities, CCCS compares the benefits generated against the cost of resources utilised in its work. CCCS aggregates the total benefits from all its interventions to quantify the total benefits in any given year. Due to yearly variations in CCCS's activities, CCCS then computes a three-year moving average of benefits and resource costs to evaluate the impact of its work against the resources utilised. To ensure accountability for the public resources used to run CCCS, the findings are reported back to CCCS's parent ministry on an annual basis.