

MEDIA RELEASE

28 October 2015

ASIA PACIFIC BREWERIES (SINGAPORE) ENDS EXCLUSIVE BUSINESS PRACTICES FOLLOWING CCS INVESTIGATION

1. Acting on complaints, the Competition Commission of Singapore (CCS) had investigated Asia Pacific Breweries (Singapore) Pte. Ltd. (APBS¹) in relation to its practice of supplying draught beer² to retail outlets solely on an exclusive basis (outlet-exclusivity practice). Under competition law in Singapore, a dominant firm is prohibited from preventing or impeding its competitors from competing effectively through exclusive business practices.
2. The outlet-exclusivity practice had prevented retail outlets from selling draught beers from competing suppliers and restricted the choices of draught beers available to retailers and consumers.
3. In the course of its investigations, CCS obtained information on the beer market in Singapore from retailers and beer suppliers. CCS also commissioned a market survey to gather information on market practices.
4. APBS has since provided CCS with a voluntary commitment to cease its outlet-exclusivity practice. Moving forward, APBS will not impose outlet-exclusivity conditions in its supply of draught beer contracts to retailers.

¹ APBS operates Singapore's only large-scale brewery. APBS's portfolio of beers includes Tiger Beer, ABC Stout, Anchor Beer, Baron's Strong Brew, Guinness, Heineken, Desperados, Sol, Erdinger, Kirin and the range of Archipelago craft beers.

² The total retail sales value of beer sold in Singapore in 2014 was estimated to be S\$2.28b. Source: *Passport: Beer in Singapore, Euromonitor Singapore August 2015*.

5. CCS had consulted various beer suppliers and retailers in relation to the practice of outlet exclusivity in the market. The feedback received indicates that the absence of outlet exclusivity will be a welcome development for the industry.
6. The change in APBS's business practices will be applicable to all draught beer contracts entered into with retailers on and after 28 December 2015, including new and renewal contracts. APBS will also be required to provide CCS with documents to show that these changes have taken effect.
7. As the voluntary commitment adequately addresses CCS's concerns, CCS has ceased its investigation. CCS will, however, continue to monitor market practices, and reserves the right to investigate any breach of the commitment or any other anti-competitive practices by APBS.
8. Mr. Toh Han Li, Chief Executive of CCS, said:

“The removal of these exclusive business practices will allow beer suppliers to compete on merit in offering their draught beers to retail outlets. This will allow retailers to stock a greater variety of draught beers, leading to a more vibrant market with more choices for consumers, as well as opportunities for existing suppliers and new entrants including microbreweries and craft beer suppliers.

CCS will continue to monitor the beer market to ensure that there are no impediments to competition, and market participants are encouraged to report any potentially anti-competitive business practices to CCS.

Businesses that are unsure as to whether they fully comply with the Competition Act should seek independent legal advice or consider applying for guidance or a decision from CCS. In general, exclusive agreements by a dominant firm that harm competition may be illegal under the Competition Act. Businesses are encouraged to proactively put in place competition compliance programmes to ensure that their business conduct fully complies with the Competition Act.”

About the Competition Commission of Singapore

CCS is a statutory board established under the Competition Act on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. More information on the Act, as well as on how to file a complaint or notification for guidance or decision, can be found on the CCS website (www.ccs.gov.sg).

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