



MEDIA RELEASE

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CCS IMPOSES PENALTIES ON BALL BEARINGS MANUFACTURERS INVOLVED IN INTERNATIONAL CARTEL

1. The Competition Commission of Singapore (“CCS”) has issued an Infringement Decision (“ID”) against four Japanese bearings manufacturers and their Singapore subsidiaries (collectively, the “Parties”) for contravening section 34 of the Competition Act (Cap.50B) (the “Act”) by engaging in anti-competitive agreements and unlawful exchange of information in respect of the price and sale of ball and roller bearings¹ (“Bearings”) sold to aftermarket customers (“Aftermarket Customers”) in Singapore. Both the Japan parent and Singapore subsidiary companies were found to be jointly and severally liable for the infringement.
2. This is CCS’s first international cartel case involving foreign-registered companies and their Singapore subsidiaries. CCS is imposing financial penalties totalling S\$9,306,977 on the Parties.
3. The Parties are:
 - i. JTEKT Corporation and its Singapore subsidiary, Koyo Singapore Bearing (Pte.) Ltd. (collectively referred to as “**Koyo**”);
 - ii. NSK Ltd. and its Singapore subsidiary, NSK Singapore (Pte.) Ltd. (collectively referred to as “**NSK**”);
 - iii. NTN Corporation and its Singapore subsidiary, NTN Bearing-Singapore (Pte.) Ltd. (collectively referred to as “**NTN**”); and
 - iv. Nachi-Fujikoshi Corp. and its Singapore subsidiary, Nachi Singapore Private Limited (collectively referred to as “**Nachi**”)

(Collectively, the four are referred to as “Parties”, and singularly, each as a “Party”)

Case details

4. Investigations in this case commenced in December 2011 after CCS received an application for immunity from Koyo under CCS’s leniency programme.

¹ Bearings are machine components that separate moving parts and take up loads. The basic function of a bearing is to reduce the friction between adjacent parts and to support and guide a rotating, sliding, or oscillating shaft, pivot or wheel. Pls refer to the Annex for a photograph of a bearing.

5. CCS's investigation revealed that the Parties were competitors and met regularly at meetings both in Japan and Singapore where they exchanged information, discussed and agreed on sales prices for Bearings sold to their respective Aftermarket Customers in Singapore, so as to maintain each participant's market share and protect their profits and sales ("Market Share and Profit Protection Initiative").
6. At the meetings in Japan in the period from as early as 1980 until 2011, the Japan parent companies discussed and agreed on the overall strategies for the Singapore subsidiary companies to implement in pursuit of the Market Share and Profit Protection Initiative, among other things. At the meetings in Singapore in the period from at least 1998 until March 2006, the Singapore subsidiary companies discussed the overall strategies which had been decided by the Japan parent companies and discussed methods by which to give effect to the Market Share and Profit Protection Initiative. After the meetings in Singapore ended in March 2006, the meetings between the Parties continued in Japan and these meetings were attended by representatives from the Japan parent companies.
7. The Parties embarked upon a series of actions to give effect to the Market Share and Profit Protection Initiative. Over the years that series of actions included setting an agreed price list and making a minimum price agreement for Singapore, agreeing on relevant exchange rates to be applied to derive the minimum prices for Singapore, and when the price of steel began to increase, the Parties agreed on percentage price increases and exchanged information on percentage price increases to be applied to Aftermarket Customers in Singapore.
8. CCS finds that the conduct of the Parties, which includes, amongst other things, price-fixing agreements and exchanges of strategic information including future pricing intentions, amounts to a single overall infringement with the object of preventing, restricting and distorting competition. Without the price-fixing anti-competitive agreements, the Parties, as competitors, would not have been aware of the price and non-price strategies of their competitors. This uncertainty would have forced the Parties to compete for market shares via more competitive prices or non-price strategies. Price fixing is one of the most serious infringements of the Act.

Financial penalties

9. On 16 December 2013, CCS issued a Proposed Infringement Decision to the Parties and CCS received written and oral representations from the Parties lawyers. The issues raised in the representations were targeted largely towards penalties and these are set out and addressed in the Infringement Decision.
10. Having carefully considered the Parties' representations, CCS found that the Parties have intentionally infringed the section 34 prohibition. CCS has accepted the representations that the end date of the infringing conduct for Koyo, NSK and Nachi should be the date of the Japan Fair Trade Commission ("JFTC") dawn raids of the four Japan parent companies on 26 July 2011. It is noted that following the JFTC dawn raids, the Japan parent companies took immediate steps to implement compliance programmes to ensure that their officers and employees ceased anti-competitive activities with their competitors.
11. As such, CCS found that the period of infringement spanned from 1 January 2006 to 26 July 2011 for Koyo, NSK and Nachi, and 1 January 2006 to 6 September 2006 for NTN. Accordingly, CCS has imposed the following financial penalties on the Parties:

Undertaking	Financial Penalty
Koyo	Nil
Nachi	\$7,564,950
NSK	\$1,286,375
NTN	S\$455,652
Total	S\$9,306,977

12. In levying the financial penalties, CCS took into account the nature of the infringement and the circumstances under which the infringement was committed, duration of the infringement, aggravating and mitigating factors, as well as representations made by the Parties. In this case, a percentage starting point was applied to each Party's relevant turnover for the sale of Bearings to Aftermarket Customers in Singapore to determine the base penalty for each Party. A multiplier was then applied for the duration of infringement and that figure was then adjusted to take into account factors such as deterrence and aggravating and mitigating considerations. Further reductions in financial penalties were also given to the three leniency applicants as part of CCS's leniency programme. The first undertaking to notify CCS was granted full immunity from the financial penalties and the subsequent leniency applicants were granted reduction of up to 50% of the financial penalties.
13. For this case, CCS set the starting point at a relatively higher level as CCS notes that the cartelised product in issue is a homogenous product, and that the Parties have a substantial share of the product market in Singapore. Further, the infringing conduct was a secretive and sophisticated cartel where the participants engaged in covert conduct, including referring to each participant by code names, unlike previous CCS price-fixing cartels.
14. Further information on the investigation, analysis of the case and the basis of calculation of the financial penalty imposed on the infringing parties are set out in the Infringement Decision and the document can be found here: < <http://www.ccs.gov.sg/content/ccs/en/Public-Register-and-Consultation/Public-Register-and-Consultation-items/ccs-impose-penalties-on-ball-bearings-manufacturers-involved-in-.html>>

CCS Leniency Programme

15. Mr. Toh Han Li, Chief Executive, CCS, said, 'CCS would like to emphasise that price fixing among competitors is one of the most harmful forms of anti-competitive conduct and CCS takes a serious view of such conduct. If any business is part of a cartel, CCS urges that a leniency application should be made to CCS as soon as possible in order to avoid or reduce the possibility of penalties'.

16. CCS's Leniency Programme allows one to still apply for a leniency marker on behalf of the business and thereafter collect the information or evidence required to support the leniency application even without substantial information or evidence of the cartel. If a business meets the relevant criteria and if it is the first to notify CCS then it will be entitled to immunity from financial penalties (if CCS has not commenced investigations yet) or a reduction of up to 100% of the financial penalties (if CCS has already commenced investigation). For a subsequent leniency applicant, which co-operated with CCS and provided evidence of the cartel activity, it may be entitled to a reduction of up to 50% of the financial penalties.

More details on the Leniency Programme can be found at <http://bit.ly/CCSleniency>.

About The Competition Commission of Singapore (CCS)

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.

For more information, please visit www.ccs.gov.sg.

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Annex

