

18 July 2012

MEDIA RELEASE

CCS IMPOSES FINANCIAL PENALTIES ON TWO COMPETING FERRY OPERATORS FOR ENGAGING IN UNLAWFUL SHARING OF PRICE INFORMATION

1. The Competition Commission of Singapore (“CCS”) issued today an Infringement Decision against two (2) ferry operators in Singapore for breaching the Competition Act (“the Act”). The ferry operators were found to have infringed Section 34 of the Act, which prohibits, amongst other things, agreements and/or concerted practices which prevent, restrict or distort competition within Singapore.
2. The two ferry operators are:
 - a) Batam Fast Ferry Pte Ltd (“Batam Fast”)
 - b) Penguin Ferry Services Pte Ltd (“Penguin”)¹
3. Over the period of the infringing conduct, the routes between Singapore (HarbourFront)-Sekupang and Singapore (HarbourFront)-Batam Centre were served only by these two ferry operators; hence, the affected market was a duopoly². The two ferry operators engaged in anti-competitive conduct by exchanging and providing sensitive and confidential price information in relation to ferry tickets sold to corporate clients and travel agents for these two routes, with the object to restrict competition.
4. In October 2009, following a complaint received from a member of the public that companies providing passenger ferry services between Singapore and Batam were engaged in anti-competitive conduct, CCS launched an investigation.

¹ Penguin was a wholly owned subsidiary of Penguin International Limited, and was fully acquired by SIF Group Pte Ltd on 1 July 2011. Sindo Ferry Pte Ltd has taken over the operation of the passenger ferry services.

² A duopoly refers to a situation where there are only two players in the relevant market.

5. During the investigation, CCS obtained evidence that the two ferry operators had exchanged and provided to each other sensitive and confidential information relating to ferry ticket pricing, including quotations to clients. There were instances of emails which were blind copied from one ferry operator to another in relation to confidential price information sent to clients, and instances of price verification between the ferry operators when clients asked for quotes for the purchase of ferry tickets. The unlawful conduct covered ferry tickets sold to corporate clients and travel agents which were commercially sensitive information, and excluded ferry tickets sold over the counter at published rates.
6. The duration of the infringing conduct for ferry tickets sold to corporate clients was from 9 November 2007 to 17 November 2009; for ferry tickets sold to travel agents, the duration was from 17 June 2008 to 20 May 2009.
7. On 9 March 2012, CCS issued a Proposed Infringement Decision to the two ferry operators. CCS received representations from both of them. The issues raised in the representations have been addressed in the Infringement Decision.

Exchange and provision of sensitive and confidential price information

8. CCS considers the exchange and provision of sensitive and confidential price information which are not published or readily observable to competitors in the usual course of business, to be damaging to competition between competitors. Such behavior reduces the incentive to set independent pricing decisions competitively and instead encourages collusion.
9. In a concentrated market like the duopoly in the present case, the exchange and provision of sensitive and confidential price information is particularly restrictive of competition because where one party makes a disclosure of a quoted price, the other would be the only other competitor which can provide an alternative price to the potential customer. Such price exchanges further reduce the already limited competition in a duopolistic market structure.
10. If businesses are approached to engage in such anticompetitive behaviour, they should distance themselves by explicitly rejecting such overtures, and reporting the matter to CCS immediately.

11. The financial penalties levied on the two ferry operators are as follows:

Party	Financial Penalty (S\$)
Batam Fast Ferry Pte Ltd	\$172,906
Penguin Ferry Services Pte Ltd	\$113,860
Total	\$286,766

12. In levying the financial penalties, CCS took into account the nature of the infringement and the circumstances under which the infringement was committed, aggravating and mitigating factors, as well as representations made by the two ferry operators. As this is the first case in Singapore involving the exchange and provision of sensitive and confidential price information between competitors, CCS has set the financial penalty at a relatively lower level.
13. This is the first case that CCS has found that a concerted practice between undertakings to exchange or provide sensitive and confidential price information infringes section 34 of the Act.
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 is on website www.ccs.gov.sg.

- End -

About CCS

The Competition Commission of Singapore ("Commission") is a statutory body established under the Competition Act (Chapter 50B) 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 parties.

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



For media clarification, please contact

Michael Low

Senior Assistant Director

Strategic Planning

Competition Commission of Singapore

Email: michael_low@ccs.gov.sg

DID: 6325 8304