



MEDIA RELEASE

2 August 2018

CCCS Issues Proposed Infringement Decision against the Exchange of Commercially Sensitive Information between Hotels

1. The Competition and Consumer Commission of Singapore (“CCCS”) has today issued a Proposed Infringement Decision (“PID”)¹ against the owners/operators of the following hotels:

Capri by Fraser Changi City Singapore (“Capri”):

- a. Ascendas Frasers Pte. Ltd., owner of Capri (up to 30 March 2015);
- b. Frasers Hospitality Trustee Pte. Ltd., owner of Capri (from 31 March 2015); and
- c. Frasers Hospitality Pte. Ltd., appointed agent for the management/operation of Capri

Village Hotel Changi and Village Hotel Katong (collectively referred to as the “Village Hotels”):

- a. Far East Organization Centre Pte. Ltd., owner of Village Hotel Changi;
- b. Orchard Mall Pte. Ltd., owner of Village Hotel Katong; and
- c. Far East Hospitality Management (S) Pte. Ltd., appointed agent for the management/operation of the Village Hotels

Crowne Plaza Changi Airport Hotel (“Crowne Plaza”):

- a. OUE Airport Hotel Pte. Ltd., owner/master lessee of Crowne Plaza; and
- b. Inter-Continental Hotels (Singapore) Pte. Ltd., appointed agent for the management/operation of Crowne Plaza

for infringing section 34 of the Competition Act (Cap. 50B) (“the Act”) by entering into agreement(s) and/or concerted practice(s) to discuss and exchange confidential, customer-specific, commercially sensitive information in connection with the provision of hotel room accommodation in Singapore to corporate customers.

¹ The PID is a written notice setting out the facts on which CCCS makes its assessment and its reasons for arriving at the proposed decision. It is issued to the Parties to assist them to make representations and provide any other information in support of their representations for CCCS’s consideration.

2. The information shared between the sales representatives of competing hotels included non-public bid prices in response to corporate customer requests, as well as percentages of price reduction which customers asked for and the corresponding responses by each hotel sales representative during confidential price negotiations. The exchange of such commercially sensitive information would reduce the competitive pressure on prices/contract terms offered by competing hotels to their corporate customers.
3. CCCS commenced an investigation into the hotel sector which was triggered based on its own detection efforts. The investigation revealed that:
 - a. sales representatives of Capri and Village Hotels discussed and exchanged commercially sensitive information in connection with the provision of hotel room accommodation in Singapore to corporate customers from at least 3 July 2014 to 30 June 2015 (the “Capri-Village Conduct”); and
 - b. sales representatives of Capri and Crowne Plaza hotels separately discussed and exchanged commercially sensitive information in connection with the provision of hotel room accommodation in Singapore to corporate customers from at least 14 January 2014 to 30 June 2015 (the “Capri-Crowne Plaza Conduct”).
4. The parties (including those who applied for lenient treatment under CCCS’s Leniency Programme²) have six weeks from the receipt of the PID to make their representations to CCCS. CCCS will then make its decision, after careful consideration of the representations, as well as all available information and evidence.

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² Please refer to the Appendix below for more information on CCCS’s Leniency Programme.

About the Competition and Consumer Commission of Singapore (CCCS)

CCCS is a statutory board established under the Competition Act (Chapter 50B) (the “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 CCCS 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.cccs.gov.sg.

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Appendix - CCCS's Leniency Programme

CCCS's leniency programme affords lenient treatment to businesses that are part of a cartel agreement or concerted practice (or trade associations that participate in or facilitate cartels), when they come forward to CCCS with information on their cartel activities.

Due to the secret nature of cartels, businesses participating or which have participated in them are given an incentive to come forward and inform CCCS of the cartel's activities. The policy of granting lenient treatment to these businesses which co-operate with CCCS outweighs the policy objectives of imposing financial penalties on such cartel participants.³

Where eligible for lenient treatment, businesses can be granted total immunity or be granted a reduction of up to either 100% or 50% in the level of financial penalties, depending on whether CCCS has already begun an investigation and the timing of the leniency application. For more information, please refer to the *CCCS Guidelines on Lenient Treatment for Undertakings Coming Forward with Information on Cartel Activity 2016* which can be found on CCCS's website [here](#).

³ Due to the secret nature of cartels, an incentive for cartel participants to come forward to inform CCCS of the cartel's activities can be a more effective enforcement tool than simply imposing financial penalties.