



MEDIA RELEASE

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CCCS Consults on In-Depth Review of Private Clinical Laboratories Merger

Background

1. On 7 September 2018, the Competition and Consumer Commission of Singapore (“**CCCS**”) received an application from Pathology Asia Holdings Pte. Ltd. (“**PAH**”) for a decision on whether PAH’s acquisition of Innovative Diagnostics Private Limited (“**Innovative**”) and Quest Laboratories Pte Ltd (“**Quest**”) (each a “**Party**” and collectively, the “**Parties**”) and the intended integration of the businesses of Innovative and Quest (the “**Transaction**”), infringes the prohibition in the Competition Act (Cap. 50B) against anticompetitive mergers.¹

2. Innovative and Quest overlap in the provision of in-vitro diagnostic (“**IVD**”) tests in Singapore, which are tests done on samples such as blood or tissue that have been taken from the human body.² PAH is part of TPG, a leading global private investment firm founded in 1992.

Initiation of in-depth Phase 2 review

3. CCCS completed its Phase 1 review of the Transaction on 23 October 2018. Based on information furnished by PAH and third-party feedback from customers³ and other suppliers, CCCS was unable to clear the merger as it had competition concerns. In particular, Innovative and Quest, being two major private independent clinical laboratories for the provision of IVD tests or clinical laboratory services⁴ by private laboratories in Singapore, are generally seen as the closest competitors to

¹ Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

² According to PAH, IVD tests can detect diseases or other conditions, and can be used to monitor a person’s overall health to help cure, treat, or prevent diseases. IVD tests may also be used in precision medicine to identify patients who are likely to benefit from specific treatments or therapies.

³ The types of customers whom the Parties generally serve include general practitioners, clinics, medical centres, hospitals, dialysis centres, not-for-profit organisations and third-party payers.

⁴ According to PAH, “clinical laboratory services” is wider than “IVD tests” and includes the performance of IVD tests, along with other ancillary services such as pre and post analytical services like phlebotomy, the collection of samples, delivery of test reports and delivery of consumables. The analytical services provided by laboratories include analysing patient samples, performing quality control checks, participating in external quality control programs, attaining international quality accreditation standards etc.

each other pre-Transaction. Third-party feedback revealed concerns about the extent to which alternative suppliers to the Parties, e.g. private hospital clinical laboratories and other private independent clinical laboratories, are able to exert sufficient competitive constraint on the merged entity. Accordingly, a Phase 2 review is necessary.⁵

4. Following the filing of the relevant documents by PAH to CCCS on 9 November 2018, CCCS will consider in more detail the effect of the Transaction in a Phase 2 review.⁶ The Parties may offer commitments to address the potential competition concerns at any time during the Phase 2 review.⁷ Following its assessment in the Phase 2 review, CCCS will decide whether to issue a favourable or unfavourable decision.

Public Consultation

5. In relation to the Phase 2 review, CCCS is inviting feedback and views in relation to the Transaction.

6. In particular, CCCS will like to better understand the following issues:

a. The extent and importance of *price* and *non-price* aspects of competition between:

- (i) Innovative and Quest; and
- (ii) Innovative/Quest and *other* clinical laboratories in Singapore (e.g. private independent clinical laboratories, private hospital clinical laboratories, public hospital clinical laboratories),

in the provision of IVD tests in Singapore.

Non-price aspects of competition, in this case, may include the range of IVD tests offered, quality and service standards, ancillary services provided, etc;

b. Whether (i) private hospital clinical laboratories, and (ii) public hospital clinical laboratories, are alternatives to private independent clinical laboratories (including the Parties) for the provision of IVD tests, having regard to *price* and *non-price* considerations of the IVD tests provided;

c. The extent to which the services and/or capacity of (i) private hospital clinical laboratories and (ii) public hospital clinical laboratories, for the

⁵ For more information on the Transaction and CCCS's Phase 1 review, please refer to the media releases dated 11 September 2018 and 29 October 2018 at www.ccs.gov.sg.

⁶ A Phase 2 review can take up to 120 working days to complete as it entails a more detailed and extensive examination of the effects of the Transaction.

⁷ Section 60A of the Act states that CCCS may, at any time before making a decision as to whether the Section 54 prohibition has been or will be infringed, accept commitments that remedy, mitigate or prevent the substantial lessening of competition or any adverse effect arising from the merger situation. Where CCCS has accepted a commitment, CCCS will make a favourable decision. Further details can be found in the *CCCS Guidelines on Merger Procedures 2012*.

provision of IVD tests, are available to third-party customers in the private healthcare sector; and

- d. The costs and time entailed for private clinical laboratories to enter and/or expand, and whether there is any imminent entry or expansion, in the market for the provision of IVD tests in Singapore, including any expansion of the range of IVD tests offered.

7. More information on the Transaction and the type of feedback sought by CCCS can be accessed from the CCCS website at www.cccs.gov.sg under the section "[Public Register and Consultation](#)". The closing date for submissions is **7 December 2018**. If the submission/correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About The Competition and Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

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

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