

## MEDIA RELEASE

9 April 2015

### **CCS CLEARS PROPOSED JOINT VENTURE BETWEEN THE BOEING COMPANY AND SIA ENGINEERING COMPANY LIMITED**

1. The Competition Commission of Singapore (“CCS”) has cleared the proposed joint venture between The Boeing Company (“Boeing”) and SIA Engineering Company Limited (“SIAEC”) (collectively referred to as the “Parties”)(“Proposed JV”). CCS has concluded that the Proposed JV will not substantially lessen competition in any market in Singapore, and therefore will not infringe the section 54 prohibition of the Competition Act (Cap. 50B).
2. The Proposed JV aims to offer a broad range of maintenance, repair and overhaul services, together with other related services for specific Boeing aircrafts, to both customers in the SIA Group and other third-party customers primarily based in the South Asia Pacific region. Boeing Singapore and SIAEC will subscribe for 51% and 49% of the total issued share capital of the Proposed JV respectively.
3. CCS has determined that the Parties overlap in the markets of inventory technical management (“ITM”)<sup>1</sup> and fleet technical management (“FTM”)<sup>2</sup> services. Accordingly, as part of the merger assessment, CCS examined whether there would be substantial lessening of competition in the market for the local supply of FTM and ITM services to Singapore customers.
4. After reviewing the Parties’ submissions and feedback from industry stakeholders, CCS found that:
  - a) There are strong and viable alternative suppliers of local ITM and FTM services to Singapore customers, to act as competitive constraints to the Proposed JV post-merger;
  - b) There is considerable countervailing buyer power by the airlines, which have the ability to switch to other suppliers of FTM and ITM services; and

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<sup>1</sup> ITM encompasses component exchange services, as well as logistic, supply chain and inventory management in addition to repair and overhaul of rotatable aircraft parts.

<sup>2</sup> FTM covers various engineering support activities, including coordination and planning of maintenance visits, job card management, aircraft configuration management and maintenance control.

- c) There is no intention or ability for the Proposed JV to be used by either Party to prevent or limit its competitors from competing effectively in any other related markets.
5. Accordingly, CCS has concluded that the Proposed JV, if carried into effect, will not result in a substantial lessening of competition in the market for FTM and ITM services in Singapore.
6. More information on the clearance decision for the proposed acquisition will be available in due course under “Public Register – Mergers & Acquisitions” on the CCS website (<https://www.ccs.gov.sg/public-register-and-consultation/public-register/mergers-and-acquisitions>).

### **About The Competition Commission of Singapore (CCS)**

CCS is a statutory board 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 penalties.

### **About the Section 54 Prohibition under the Competition Act & Merger Procedures**

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

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- > The merged entity has/will have a market share of 40% or more; or
- > The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger situation.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg)

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