



## MEDIA RELEASE

24 October 2018

### CCCS clears merger of the rail mobility business of Siemens AG with Alstom S.A.

1. The Competition & Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed merger of the mobility business of Siemens Aktiengesellschaft (“**Siemens AG**”) with Alstom S.A. (“Alstom”) (the “**Proposed Transaction**”). Following a review of the Proposed Transaction, CCCS concluded that the Proposed Transaction, if carried into effect, will not infringe section 54 of the Competition Act (Cap. 50B) (the “**Act**”) <sup>1</sup>.

#### Background

2. Both Siemens AG and Alstom (each a “Party”, collectively the “Parties”) are global players in the world rail transport industry.

3. Siemens manufactures the full range of rail mobility products (including different types of rolling stock<sup>2</sup>, signalling solutions<sup>3</sup> and rail electrification<sup>4</sup>) globally.<sup>5</sup> In Singapore, Siemens

---

<sup>1</sup> 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.

<sup>2</sup> Rolling stock can be divided into two categories: (a) mainline rolling stock; and (b) urban rolling stock. Mainline rolling stock are trains circulating around and between cities, including across different countries while urban rolling stock refers to trains operating within cities, and typically on closed networks. This includes trams/light rail vehicles, metros and people movers.

<sup>3</sup> Signalling solutions can generally be divided by the type of network into two categories: (a) mainline signalling; and (b) urban signalling systems. Mainline signalling includes a variety of systems used to direct railway traffic circulating around and between cities, including across different countries, while keeping the trains clear of each other at all times. Urban signalling systems prevent metros and light rail vehicles circulating within and around cities from colliding by preventing two vehicles from meeting on the same section of track.

<sup>4</sup> The primary objective of rail electrification systems is to safely provide uninterrupted and reliable electrical energy to power rolling stock. There are generally two primary components in a rail electrification system:

(a) Traction power supply systems which draw power from the national power network to supply the rail electrification network by means of power supply points, known as substations and

(b) Contact lines systems which transmit electrical power from the rail network to the rolling stock vehicles plying the network either by way of overhead contact lines system or at ground level using an extra third rail close to the tracks.

<sup>5</sup> Siemens’s other businesses include systems and services for power generation, transmission and distribution, as well as energy-efficient products and solutions for production and building technology, and technologies for high-quality and integrated healthcare.

supplied rolling stock, and is now active in urban signalling<sup>6</sup>, and traction power supply systems<sup>7</sup> for rail electrification.

4. Alstom provides a range of rail mobility solutions (from high-speed trains, to metros, trams and e-buses), related services such as maintenance, as well as offerings dedicated to passengers and infrastructure, digital mobility and signalling solutions globally. In Singapore, Alstom supplies turnkey solutions<sup>8</sup>, signalling, rolling stock and third rails<sup>9</sup> for rail electrification purposes.

### **CCCS's Assessment**

5. In its assessment, CCCS considered whether the Parties' businesses overlap or may potentially overlap in the supply of (i) urban signalling systems; (ii) rolling stock; (iii) contact lines; and (iv) traction power supply systems. CCCS concluded that the Parties overlap in the supply of (i) urban signalling systems for MRT lines and (ii) metros in Singapore. CCCS further notes that competition concerns are unlikely to arise in the supply of contact lines and traction power supply systems in Singapore. Accordingly, CCCS's assessment has focused on the markets for the supply of (i) urban signalling systems for MRT lines and; (ii) metros<sup>10</sup> in Singapore (collectively, the "**Relevant Markets**"). For the purpose of this merger assessment, CCCS has not focused on the markets for the supply of contact lines and traction power supply systems.

6. In examining the impact of the Proposed Transaction on the Relevant Markets, CCCS conducted a public consultation from 19 July to 2 August 2018 to seek feedback from interested parties.

7. At the end of the consultation process, and after a holistic evaluation of all the submissions received, CCCS concluded that, on balance, the Proposed Transaction, if carried into effect, will not infringe section 54 of the Act against anti-competitive mergers.

---

<sup>6</sup> Urban signalling is a system that prevent metros and light rail vehicles circulating within and around cities from colliding by preventing two vehicles from meeting on the same section of track.

<sup>7</sup> Traction power supply systems are systems that draws power from a power network to supply the rail line with electricity.

<sup>8</sup> Turnkey solutions refer to projects that combine system integration and/or project management services, with at least two of rolling stock, signalling or rail electrification product packages.

<sup>9</sup> Third rails are contact line systems where electricity is provided to the train from below.

<sup>10</sup> Metros are motorised units which consist of one or several permanently coupled individual units which are operated in major metropolitan areas on tracks separate from railway networks and road traffic, often running underground.

8. CCCS found that the Proposed Transaction would not substantially lessen competition in the Relevant Markets because:

- a. There is competition from other globally active urban signalling and metro suppliers who could supply in Singapore. In respect of the market for the supply of urban signalling systems, there are alternative established suppliers such as Thales, Bombardier and Hitachi/Ansaldo. The Parties face competition from other suppliers (e.g., Kawasaki and Hyundai Rotem) in the market for the supply of metros in Singapore.
- b. Notwithstanding the LTA's stringent eligibility criteria, once a supplier has established itself with a track record in supplying urban signalling systems and metros, the barriers to entry/expansion for these suppliers are not significant in each of the Relevant Markets.
- c. The LTA, as the sole customer for all operating assets for Singapore's metro network, is generally able to exercise bargaining power against suppliers of (i) urban signalling systems; and (ii) metros.

9. Further information on the application and CCCS's Grounds of Decision will be made available in due course on CCCS's Public Register at [www.cccs.gov.sg](http://www.cccs.gov.sg).

**- End -**

## 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.

A merger takes place where:

- Two or more independent business entities merge;
- One or more business entities acquire direct or indirect control of another entity; or
- One entity acquires all or a substantial part of the assets of another entity such that it can replace or substantially replace that entity in the business or in the relevant part of the business.

CCCS 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 CCCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCCS. In such cases, CCCS will assess the effect of the merger on competition and decide if the merger has resulted, or is likely to result, in a substantial lessening of competition (“SLC”) in Singapore.

Separately, CCCS has the power to conduct an investigation into an un-notified merger if there are reasonable grounds for suspecting that the merger infringes section 54 of the Act. In the event CCCS finds that a merger situation has resulted or is expected to result in an SLC, CCCS has powers to give directions to remedy the SLC. For example, CCCS can require the merger to be unwound or modified to address or prevent the SLC, as the case may be. CCCS may also consider issuing interim measures prior to the final determination of the investigation.

CCCS also has the power to impose financial penalties where a merger has resulted in SLC and the infringement is committed intentionally or negligently. Financial penalties are calculated based on CCCS’s financial penalty calculation framework; CCCS takes the turnover of each party in the relevant market affected, multiplied by an appropriate starting percentage reflecting the seriousness of the infringement and adjusted for factors such as duration of the proposed infringement, deterrent value, as well as any aggravating and mitigating factors (including whether the Parties has co-operated with CCCS). The quantum of the financial penalty cannot exceed 10% of each Party’s total turnover in Singapore for each year of infringement, up to a maximum of three (3) years.

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

## **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](http://www.cccs.gov.sg).

For media clarifications, please contact:

Ms. Nawwar Syahirah  
Senior Assistant Director  
International and Strategic Planning Division  
Competition & Consumer Commission of Singapore  
Email: [nawwar\\_syahirah@cccs.gov.sg](mailto:nawwar_syahirah@cccs.gov.sg)  
DID: 6325 8313

Ms. Shamsiah Jemain  
Senior Executive  
International & Strategic Planning Division  
Competition & Consumer Commission of Singapore  
Email: [shamsiah\\_jemain@cccs.gov.sg](mailto:shamsiah_jemain@cccs.gov.sg)  
DID: 6325 8206