



ABOUT CCCS

The Competition Commission of Singapore (“CCS”) was established on 1 January 2005 to administer and enforce the Competition Act (the “Act”) (Chapter 50B). On 1 April 2018, CCS was renamed the Competition and Consumer Commission of Singapore (“CCCS”) and took on an additional function of administering the Consumer Protection (Fair Trading) Act (Chapter 52A).

The functions of CCCS are supported by seven divisions, which include Business & Economics, Consumer Protection, Corporate Affairs, Enforcement, International & Strategic Planning, Legal, and Policy & Markets.



MISSION

Making markets work well to create opportunities and choices for businesses and consumers in Singapore.

VISION

A vibrant economy with well-functioning and innovative markets.

THEME

“Together - Energising Businesses, Protecting Consumers” illustrates the role of CCCS in promoting fair trading by businesses and in helping consumers make informed purchasing decisions. Enhancing competition in markets can bring about benefits for consumers. Similarly, empowering consumers can spur greater competition and innovation in markets.



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THE NEW CCCS, UNVEILED



A4 | TOP OF THE NEWS

THE STRAITS TIMES | TUESDAY, APRIL 10, 2018

Competition watchdog to study data transfer, online travel booking

Tiffany Fumiko Tay

Singapore's competition watchdog launched its new consumer protection role yesterday with the announcement of two market studies — on online travel booking and on the transfer of personal data.

In one study, the Competition and Consumer Commission of Singapore (CCCS) will focus on the online booking of flight tickets and hotel accommodation, given the growing popularity of the medium here.

It will examine the types of commercial arrangements entered into between third-party online travel-booking platforms and service providers, and how they compete with each other.

The second study is a joint one with the Personal Data Protection Commission to examine consumer protection and personal data protection issues which may arise if data portability requirements are introduced in Singapore.

Data portability enables consumers to request that data they supply a service provider be transferred to a competing provider that they

switch to. This will foster competition by easing the process for consumers to switch between service providers, said Senior Minister of State for Trade and Industry and National Development Koh Poh Koon.

He announced the two studies at the launch of the watchdog's new role yesterday at Suntec Singapore Convention and Exhibition Centre.

Said the commission's chief executive Toh Han Li: "Data is becoming increasingly important for businesses, some people call it the new oil. It can be a source of market power, and, in a situation where there is a monopolisation of data, that is a concern."

The Competition Commission of Singapore was renamed the CCCS on April 1, when it took over the enforcement of rules related to retailers who persist in unfair trade practices under the Consumer Protection (Fair Trading) Act.

Spring Singapore, which previously administered the Act, merged with trade agency International Enterprise Singapore on the same day to form Enterprise Singapore.

The Consumers Association of Singapore (Case) will remain the first



(From left) Competition and Consumer Commission of Singapore chairman Aubeck Kam, Senior Minister of State for Trade and Industry and National Development Koh Poh Koon, and CCCS chief executive Toh Han Li at the launch of the competition watchdog's new consumer protection role yesterday. ST PHOTO: SEAH KWANG PENG

Growing role for commission

The Competition Commission of Singapore was set up in 2005 with just 12 staff to administer and enforce the Competition Act.

The Act empowers the commission to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

Today, the Competition and Consumer Commission of Singapore has more than 70 officers spread across seven divisions — business and economics, consumer protection, corporate affairs, enforcement, legal, policy and markets, and international and strategic planning.

Commission chief executive Toh Han Li created the policy and markets division in 2013 to specialise in market studies and to advise government agencies on competition matters.

point of contact for complaints against errant retailers.

The commission's chairman Aubeck Kam said at the launch that more than 70 per cent of such complaints handled by Case are successfully resolved through mediation, allowing disputes to be resolved without unnecessary cost.

However, retailers who do not

stop their unfair practices, such as making false claims, will be referred to the commission for investigation. It is empowered to gather evidence against such businesses and take legal action.

Dr Koh said the commission is well placed to take on the consumer protection role as competition and consumer protection share a close

and complementary relationship.

"With a broader overview of both the competition and consumer protection domains, CCCS will work to safeguard fair trading and competition to ensure the proper functioning of Singapore's markets," Dr Koh said.

The antitrust agency has expanded its scope to do more market

studies in recent years, looking beyond infringement to identify market factors that are not working well, and recommending fixes.

Its report on the milk formula industry last May, for example, led to a series of government measures to address the issue of high prices.

Source: The Straits Times (10 April 2018) © Singapore Press Holdings Limited. Permission required for reproduction.

9 APRIL 2018

The Competition Commission of Singapore ("CCS") was renamed the Competition and Consumer Commission of Singapore ("CCCS") after taking on an additional function of administering the Consumer Protection (Fair Trading) Act (Chapter 52A) with effect from 1 April 2018.

At the official launch of CCCS at Suntec Singapore Convention & Exhibition Centre, Guest-of-Honour Dr Koh Poh Koon, Senior Minister of State, Ministry of Trade and Industry, noted CCCS's enhanced ability to safeguard fair trading and competition in Singapore, "so that consumers can enjoy a wider variety of products and services at competitive prices." CCCS Chairman Mr Aubeck Kam shared CCCS's enforcement approach towards consumer protection and the new synergies between competition and consumer protection.



"CCCS is well-placed to take on the consumer protection role. The enforcement of both the Competition Act and the CPFTA involves investigations and enforcement related to the conduct of individuals and businesses, which plays well to the strength of CCCS's track record in enforcement, as well as its strong in-house legal and economic capabilities."

Dr Koh Poh Koon
Senior Minister of State, MTI and MND

WITH THE UNIFICATION OF THE TWIN FUNCTIONS OF COMPETITION AND CONSUMER PROTECTION IN CCCS, LET US CREATE OPPORTUNITIES AND CHOICES FOR BUSINESSES AND CONSUMERS IN SINGAPORE.



Over the past year, CCCS continued to make markets work well for businesses and consumers.

CHAIRMAN'S MESSAGE

ENFORCING AND ENHANCING COMPETITION

The completion of three market studies resulted in actions to widen consumer choice. In our study on infant formula milk, we recommended lowering entry barriers so as to intensify price competition. These are among the measures being taken up by a ministerial taskforce. Our study on the supply of car parts to workshops resulted in an agreement with major car dealers to provide car parts to third-party car workshops, and to clarify the terms of warranties provided by dealers to car owners. Finally, our petrol market study revealed the potential of a more competitive retail petrol market. We also recommended raising awareness among motorists that the highest grade octane fuel was not necessary for all types of engines.

On the enforcement front, two cases illustrate how competition policy helps businesses to benefit from competitive prices when they purchase goods and services from other suppliers.

Three companies were imposed penalties of over S\$600,000 for their involvement in bid-rigging in electrical services for the Singapore Grand Prix F1 night race and asset tagging tenders for GEMS World Academy (Singapore). In the second case, five capacitor manufacturers were imposed penalties of S\$19.5 million for their involvement in a global cartel to exchange confidential business information and fix prices.

We continue to see rapid and dynamic innovation in digital platform markets. An earlier investigation into the online food industry by CCCS noted the use of exclusive agreements as one method to gain market share. CCCS had cautioned that exclusive agreements could be problematic in future, should an entity become dominant and adopts measures to exclude rivals. CCCS's work on exclusivity in platform markets proved relevant when in March 2018, CCCS commenced an investigation into the Grab-Uber merger. CCCS imposed interim measures, including a prohibition on exclusive agreements, while investigating the merger.

IMPLEMENTING BUSINESS-FRIENDLY PROCESSES

To provide more clarity to businesses, CCCS looked into ways to streamline its existing processes and make them more efficient. In January 2018, CCCS sought feedback on a Guidance Note to help airlines with their self-assessment on whether their intended alliance agreements should be notified to CCCS for guidance or decision. CCCS will also introduce a streamlined assessment process in 2018, and give more certainty to airlines by providing an indicative timeframe for the completion of the assessment.

AMENDMENT OF THE COMPETITION ACT

Amendments to the Competition Act came into effect on 16 May 2018, following a review in 2017. With the amendments, CCCS will have enforcement levers in line with international best practices and also streamline existing processes. One key

amendment improves the enforceability of voluntary commitments to CCCS, by making them legally-binding.

NEW CONSUMER PROTECTION FUNCTION

In April 2018, CCCS took on an additional role of administering the Consumer Protection (Fair Trading) Act. We are committed to discharging our new responsibilities by investigating and applying for injunctions to deal with a minority of egregious traders and trading practices, as well as working closely with the police to deal with cases, such as cheating, that cross the line to become criminal offences. Mediation through the Consumers Association of Singapore will continue to be the first port of call to assist consumers.

APPRECIATION

I would like to thank Ms Mavis Chionh, S.C., who stepped down upon her appointment as judicial commissioner. At the same time, I welcome Mr Kwek Mean Luck, S.C. on board, and look forward to his valuable contribution to the work of the Commission.

My appreciation also goes out to all our partners and stakeholders for working hand in hand with CCCS to make markets work well. With the unification of the twin functions of competition and consumer protection in CCCS, let us create opportunities and choices for businesses and consumers in Singapore.

MR AUBECK KAM TSE TSUEN
Chairman

CHIEF EXECUTIVE'S MESSAGE

FY2017 MARKED AN EVENTFUL YEAR FOR CCCS. BESIDES CONTINUING OUR MISSION TO PROMOTE COMPETITION IN SINGAPORE, WE ALSO FORGED NEW PARTNERSHIPS AND TOOK ON A NEW ROLE TO PROTECT CONSUMERS AGAINST UNFAIR PRACTICES.

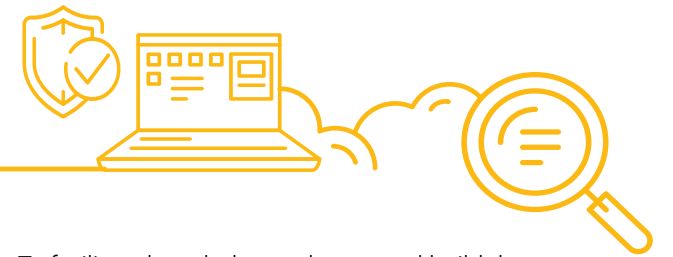
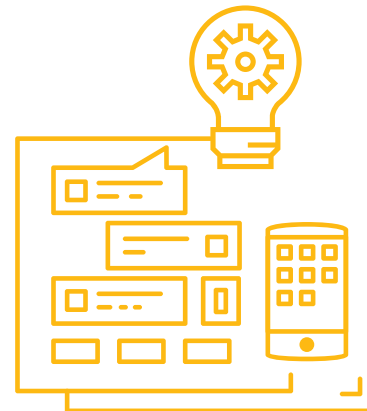
ENFORCING THE COMPETITION ACT

During the year, CCCS pursued competition cases across a wide range of industries including the electronics, food & beverage and automotive sectors.

In January 2018, we issued an infringement decision against five capacitor manufacturers involved in a global cartel, for price-fixing and exchange of confidential sales, pricing and distribution information. Four of the firms were fined a record S\$19.5 million, and one received immunity under our leniency programme. Collectively, the parties involved held two-thirds of the market share for aluminium electrolytic capacitors in Singapore, with the cartel operating for over 10 years. This explained the record-high fine imposed on the parties.

Bid-rigging is one of the most harmful types of anti-competitive conduct as it distorts the competitive bidding process, thereby preventing businesses from getting the best value for their tenders. In November 2017, CCCS penalised three companies for their involvement in bid-rigging of electrical services for the Singapore Grand Prix F1 night race and asset tagging tenders for GEMS World Academy (Singapore).

Besides tackling cartels, CCCS also reviews mergers that may pose substantial harm to competition. During the year, we completed and cleared six notified mergers. They spanned different industries, including manufacturing, transportation, food and beverage, and information and communications. One merger involving book publishers was cleared conditionally after we accepted commitments from the merged entity to adopt fair competition practices. Another merger, concerning optical products suppliers, was cleared after an in-depth review.



ENGAGING STAKEHOLDERS IN MANAGING COMPETITION TRENDS OF THE DIGITAL ECONOMY

CCCS continues to engage key stakeholders to promote healthy competition. This year, we focused on identifying competition issues, and the challenges and opportunities with them, surrounding two main themes – ‘disruptive innovation’ and ‘big data’.

We co-organised the fifth Competition Law Conference ‘New Approaches for a New Economy’ with the Singapore Academy of Law. Over 200 practitioners, academics, business professionals and government officials came together to discuss issues relating to application of competition law in the new digital economy.

To better understand the impact of big data on markets, CCCS commissioned a study on the use of data and data analytics, with the aim of informing businesses on how competition can enhance markets. We also worked with the Intellectual Property Office of Singapore and the Personal Data Protection Commission to address the implications of data protection and intellectual property laws on competition in data-driven industries.

ADVOCATING COMPETITION BEYOND SINGAPORE

CCCS remains committed to promoting competition policy and law beyond our shores, and I am pleased to note that the past year has been a fruitful one for us in this regard.

On 22 June 2017, we entered into our first memorandum of understanding (“MOU”) on enforcement cooperation with the Japan Fair Trade Commission. This partnership with a foreign competition authority will strengthen CCCS’s capacity to deal with cross-border competition issues.

We have also assumed chairmanship of the ASEAN Experts Group on Competition for 2018. As chair, we will drive regional projects to enable a more competitive ASEAN. Some key projects include developing a regional cooperation framework to serve as a set of non-binding guidelines for ASEAN Member States (AMSs) to cooperate on competition cases, as well as establishing a virtual competition centre to encourage more research on competition issues in ASEAN.

To facilitate knowledge exchange and build the competencies of staff from competition authorities in ASEAN, we hosted two officers from the Philippines Competition Commission, and carried out a two-way staff exchange with Indonesia’s Commission for Supervision of Business Competition. We also led the development of a competition compliance toolkit to provide guidance to AMSs on promoting business compliance and to facilitate competition compliance by businesses in the region.

LOOKING AHEAD

CCCS will continue to strengthen our oversight of competition policy and consumer protection in Singapore.

Our priorities will be on key sectors such as transportation, logistics, hospitality, wholesale retail/ trade, food and beverage, and e-commerce/ big data. We will also look into bolstering our understanding of the economics of consumer protection, as well as the interface between consumer protection and competition policy.

We will integrate the new Consumer Protection Division into CCCS to ensure competition and consumer protection work will be complementary and carried out in a seamless manner so as to enable CCCS to achieve its mission of making markets work well.

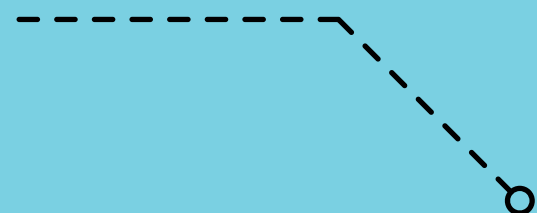
In addition, we have planned for two market studies to improve competition in specific markets. One study will look into how commercial practices and arrangements in the online travel sector impacts competition and consumers in Singapore. The second study is a joint one with the Personal Data Protection Commission. We will be working together to study consumer protection, competition and personal data protection issues, which could arise if a data portability requirement is introduced in Singapore.

With continued support from CCCS’s partners and stakeholders, I am confident that we will achieve even more in the coming year. Thank you, and let us work **TWOGETHER** towards spurring greater competition and innovation in our markets in 2018.

MR TOH HAN LI

Chief Executive

COMMISSION MEMBERS



MR AUBECK KAM TSE TSUEN
(Chairman, Competition and Consumer Commission of Singapore)
 Permanent Secretary
 Ministry of Manpower



PROF EUSTON QUAH
(Member of Audit Committee)
 Head, Department of Economics
 Nanyang Technological University



DR ANDREW KHOO CHENG HOE
(Member of Audit Committee)
 Deputy Managing Director
 (Corporate Development)
 Monetary Authority of Singapore



MR TOH HAN LI
(Member of Human Resource Committee)
 Chief Executive
 Competition and Consumer Commission of Singapore



PROF WONG POH KAM
 Professor
 Dept. of Strategy & Policy,
 NUS Business School
 National University of Singapore



MS MAVIS CHIONH, S.C.
(Until 11 March 2018)
(Member of Human Resource Committee)
 Second Solicitor-General
 Attorney-General's Chambers



MS CHIA AILEEN
(Chairman of Human Resource Committee)
 Deputy Chief Executive
 (Policy, Regulation & Competition Development)/
 Director-General (Telecoms & Post)
 Info-communications Media Development Authority



MR TAN KOK KIONG ANDREW
*(Member of Human Resource Committee,
 from 12 March 2018)*
 Chief Executive
 Maritime and Port Authority of Singapore



MR KAN YUT KEONG
(Chairman of Audit Committee)
 Retired Accountant
 PricewaterhouseCoopers



MR KWEK MEAN LUCK, S.C.
(From 1 May 2018)
 Solicitor-General
 Attorney General's Chambers

SENIOR MANAGEMENT



Top left:
**MR HARIKUMAR
SUKUMAR PILLAY**

Director
(Enforcement)

Bottom left:
MR GOH AIK HON

Director
(Corporate Affairs)



MR LEE CHEOW HAN

Assistant Chief Executive
(Legal, Enforcement & Consumer
Protection)



MR TEO WEE GUAN

Director
(International & Strategic Planning)



MS NG EE KIA

Assistant Chief Executive
(Policy, Business & Economics)



MR TOH HAN LI

Chief Executive



MR JACK TENG

Director
(Consumer Protection)



MS WINNIE CHING

Director
(Legal)



MR HERBERT FUNG

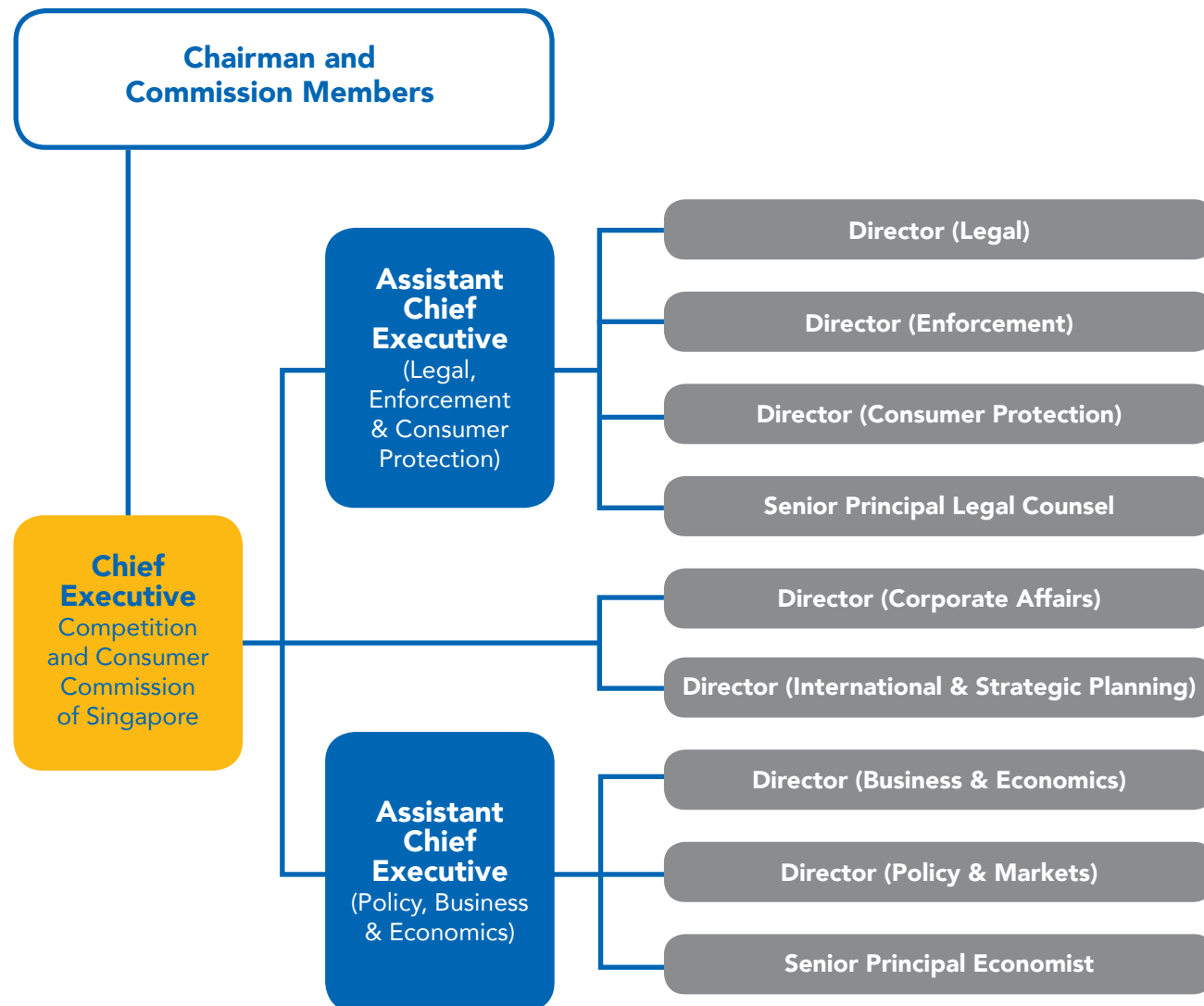
Director
(Business & Economics)



DR TAN HI LIN

Director
(Policy & Markets)

CCCS ORGANISATION STRUCTURE



CORPORATE GOVERNANCE



CHAIRMAN & COMMISSION MEMBERS

The Commission oversees the core work of CCCS. It comprises the Chairman and eight Commission Members. They bring with them their expertise in legal, economic and financial domains from the public and private sectors. The Chairman and Commission Members are appointed by the Minister for Trade and Industry. The non-executive Commission Members are remunerated based on Public Service Division ("PSD") guidelines.

HUMAN RESOURCE ("HR") COMMITTEE

The CCCS HR Committee was set up in August 2007. The Committee comprises Ms Chia Aileen as its chairman; and Ms Chionh Sze Chyi Mavis, S.C. (until 11 March 2018), Mr Tan Kok Kiong Andrew (from 12 March 2018) and Mr Toh Han Li as its members. The Committee advises the Commission on the formulation and implementation of HR policies so as to uphold a high standard of corporate governance within CCCS and promote the organisation as an employer of choice. The Committee also oversees staff performance appraisals as well as decides on internal disclosure and staff disciplinary cases.

BUSINESS & ETHICAL CONDUCT

All CCCS officers are subject to the provisions of the Official Secrets Act, as well as the Statutory Boards and Government Companies (Protection of Secrecy) Act. In addition, the Competition Act contains provisions governing the disclosure of information by CCCS officers. CCCS officers are also bound by CCCS's Code of Conduct and are obliged to adhere to internal policies to avoid conflicts of interest.

AUDIT COMMITTEE

The Audit Committee is chaired by Mr Kan Yut Keong, with Dr Andrew Khoo and Prof Euston Quah as members. The Audit Committee assists the Commission in carrying out its responsibilities in areas relating to internal controls, auditing, financial and accounting matters, regulatory compliance, and risk management. In addition, the Audit Committee reviews the audited annual financial statements and the adequacy of CCCS's accounting, and internal control systems with the management, external auditors and internal auditors.

EXTERNAL AUDIT FUNCTIONS

KPMG LLP was appointed by the Minister for Trade and Industry in consultation with the Auditor-General to audit the accounts of CCCS for FY2017. The audited accounts are duly approved by the Commission and the Minister for Trade and Industry. The Auditor-General is also kept informed of the audited accounts.

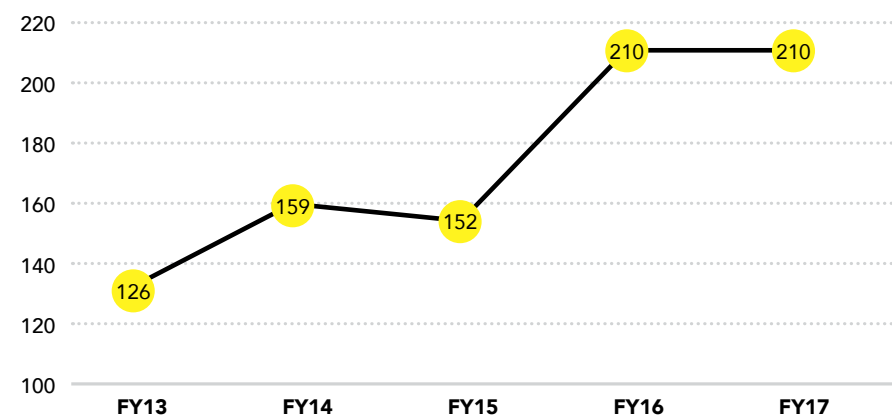
OVERVIEW OF COMPLETED CASES

SUMMARY OF COMPLETED CASES

STATUS AS AT 31 MARCH 2017	FY17	FY16	FY15	SINCE CCCS STARTED
Preliminary Enquiries	8	10	10	121
Investigations (excluding Leniency)	2	3	7	41
Leniency	2	6	2	22
Notifications for Guidance or Decision	0	2	1	30
Merger Notifications (Phase 1)	6	7	3	64
Merger Notifications (Phase 2)	0	0	1	7
Pre-Notification Decision ¹	0	4	1	12
Appeals	1	1	0	10
Competition Advisories	34	27	28	166
Market Studies	2	3	1	22
TOTAL (EXCLUDING COMPLAINTS)	55	63	54	495

¹ Includes confidential advice

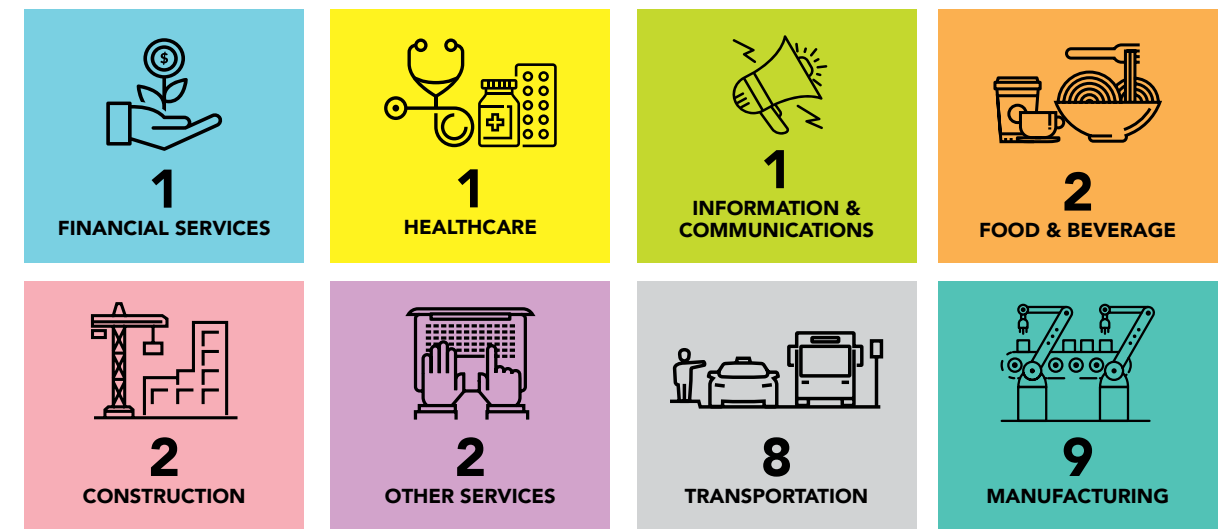
NUMBER OF COMPLAINTS/QUERIES HANDLED



COMPLETED INVESTIGATIONS (EXCLUDING LENIENCY) BY INDUSTRY (FY13-FY17)



COMPLETED MERGER NOTIFICATIONS BY INDUSTRY (FY13-FY17)





STRIKING THE RIGHT BALANCE

When both laws come together under the CCCS, the powers under the Consumer Protection (Fair Trading) Act can work hand in glove with that under the Competition Act to uphold market competition and protect consumers' interests. When CCCS intervenes, it is aimed at achieving a better competitive outcome for the industry and consumers. In FY2017, CCCS pursued and completed several significant cases and market studies, which helped markets work better for both businesses and consumers in Singapore.

UPHOLDING COMPETITION & PROTECTING CONSUMER INTERESTS

CCCS Looks into Infant Formula Milk Prices

On 10 May 2017, CCCS released its findings from a market inquiry into the supply of Formula Milk¹ in Singapore.

In an interview with *The Straits Times* on 5 June 2017, CCCS's Chief Executive, Mr Toh Han Li explained the role of market inquiries in helping to understand high prices.



High prices in itself is not an infringement of the Competition Act...we are not a price regulator. But it's important to understand the reasons behind high prices.



MR TOH HAN LI
Chief Executive of CCCS

CASE TEAM MEMBERS
Toh Shihua,
Tham Chang Xian,
Leow Rui Ping,
James Yoon,
Ng Ee Kia



OBJECTIVE

To understand the market for Formula Milk in Singapore and the factors that contributed to the significant increase in local Formula Milk prices in recent years.

MARKET CHARACTERISTICS

Consumers:

Consumers choose Formula Milk products based on:

- Brand name
- Nutrition
- Safety
- Perception that more expensive products are of better quality
- Strong brand loyalty – parents tend to stick to the brands provided to their children in hospitals

Suppliers:

- Manufacturers invest heavily in research to produce new or modified Formula Milk formulations
- Manufacturers engage in aggressive marketing activities, including sponsorships to private maternity hospitals to gain early exposure for their brands
- Manufacturers' R&D and marketing activities reinforce the premium image of their brands and further entrench consumer brand loyalty
- Parallel imports are limited due to challenges faced in complying with product labelling and import documentation requirements

COMBINED EFFECTS ON THE MARKET

Aggressive marketing by incumbent manufacturers and existing consumer preferences likely gave manufacturers the market power to increase wholesale prices. The increase in prices is likely driven by the bigger wholesale markup over the manufacturing costs charged by manufacturers to the retailers.

¹ The inquiry focused on formula milk products for babies, infants and young children up to six years old (collectively "Formula Milk").

CCS looks into rising prices of infant milk formula



In March, ST reported that the average price of a 900g tin of milk formula had increased 120 per cent over the last decade to \$56.06. ST FILE PHOTO

TIFFANY FUMMO TAY, THE STRAITS TIMES

The Competition Commission of Singapore (CCS) has looked into the rising cost of infant milk formula, an issue that several Members of Parliament have voiced concerns about, and will reveal more in due course.

In March, *The Straits Times* reported that the average price of a 900g tin of formula had increased 120 per cent over the last decade to \$56.06, outstripping the increases for other dairy products and household staples.

Tanjong Pagar GRC MP Chia Shi-Lu said in a Facebook post this week that many families in Queenstown on assistance have asked for help with the cost of formula over the years.

"In families with several

young children, especially those with special formula needs, this can come up to be a considerable monthly expense," he wrote.

Macpherson MP Tin Pei Ling plans to ask about the rising cost of infant milk powder when Parliament sits on Monday.

Her Rix-Punggol GRC MP Sun Xueling could not secure a slot to deliver her speech, but said in an interview that this is of particular concern to her as Punggol Town has the highest number of births and young children, with nine babies born every day to residents last year.

"While we promote breast-feeding, the fact of the matter is that sometimes mothers have to supplement," said Ms Sun, 37, who has two daughters, aged four years old and five months.

"Three years ago... the cost

was about \$44, and now I buy the same type for about \$55."

The price of infant milk powder here has increased at nearly twice the pace of the nominal median income over the same period, said Ms Sun.

Conducting an online survey on her Facebook page, she found that parents with children under a year old spend an average of \$391 a month on formula.

She noted a similar tin of infant formula can cost up to more than twice as much here than in Malaysia, Australia and Britain.

Milk powder companies have attributed the price hikes to research and development, and rising overhead costs, though economists said it boils down to suppliers having the upper hand as it is seen as a necessity and a short-term expense.

Market research provider Euromonitor International said Nestle, Abbott, Mead Johnson Nutrition, FrieslandCampina and Danone made up more than 90 per cent of the fortified milk formula market share globally last year, and over 90 per cent here, with Abbott making up nearly half of the local market.

The market for milk formula here grew 17 per cent to \$20.4 million over the last five years and is projected to increase further to \$23.9 million by 2021.

On the marketing of infant formula, Ms Sun said of choosing a cheaper brand: "Price is one factor, another is the perception of what that brand and milk powder can do for their children. Obviously parents want the best for their children, so they're willing to spend."

A trip to the supermarket found that some brands imply on labels that their products may make children smarter, she said, raising questions about the evidence for such claims and rules around the marketing of such products.

Given that infant formula is a necessity for many parents, the introduction of a \$15 million milk scheme in February to give 7,500 low-income families vouchers to buy milk powder is timely, Ms Sun said.

But more aid may be needed.

"If there are people who need infant milk formula for their children and the price is out of their reach, then we have to find a way of getting that help across to them," she said.

Source: *The New Paper* (6 May 2017)
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95% of buyers go for premium powder

RONALD LOH

Only 5 per cent of Singaporeans who bought milk powder in 2015 opted for standard brands over premium or speciality ones, the Competition Commission of Singapore (CCS) said yesterday.

This willingness to pay for premium brands has empowered manufacturers to push up wholesale prices – on top of other costs such as research and development, and rising overheads – leading to the 120 per cent increase in average prices over the last decade.

Milk powder prices in Singapore were also found to be higher than in many other countries, including Australia, Japan and the UK, said the CCS.

On Monday, Senior Minister of State for Trade and Industry Koh Poh Koon told Parliament that import requirements for infant milk powder will be reviewed to make more options available in stores.

The *Straits Times* reported in March that the average price of a 900g tin had gone up 120 per cent over the last decade to \$56.06, outstripping increases

for other household staples.

Yesterday, the CCS released a report on its market inquiry into the supply of formula milk from 2015 till last December.

It found that top considerations when buying milk powder was brand name along with safety and nutrition.

"Insufficient understanding of the nutritional content of formula milk and the dietary requirements of infants and young children have often led parents to perceive that the more expensive or premium products are of higher quality," said the report.

But all products, even those that cost half the price of premium brands, sold here are required to meet the safety and nutritional requirements set by the Agri-Food and Veterinary Authority of Singapore (AVA).

The CCS also found most parents tend to stick with the brand their babies were exposed to in hospitals – which are sponsored by manufacturers that try to give their premium brands a "first-mover advantage".

Manufacturers also advertised their premium brands

more aggressively, with marketing expenditure by all major manufacturers rising by 42.4 per cent from 2010 to 2014, said CCS.

To educate parents on such products, the AVA said in a media release that it will tighten regulations on labelling and advertising, and prohibit health claims and idealised images.

This will also discourage companies from spending massively on advertising and marketing activities and idealised images, it added.

The Health Promotion Board will extend restrictions on the advertising, marketing and promotion of infant formula for babies from below six months to up to 12 months of age.

The AVA will also streamline procedures for suppliers and brands to enter Singapore while maintaining the safety and nutrition standard requirements.

A NTUC FairPrice spokesman told *The New Paper* that it is discussing with the authorities how to expand its sourcing options and provide better value products to parents.

Singapore Management University associate professor of marketing Hannah Chang told TNP that the price spike was caused by strong consumer demand for premium brands.

While the measures are a step towards encouraging consumers to make more educated decisions, it would take time to break the cycle, she said.

CIMB economist Song Seng Wun said: "There's no exploitation by companies. Singaporeans generally want the best and are willing to pay more when it comes to their children."

"We see the case for tuition centres as well. This is our culture, something bigger than milk powder."

Ms Dahlia Wati, 36, a boutique owner with nine-month-old son, said many factors influence parents to choose premium brands.

"I would choose a cheaper alternative, but my son is used to the taste of the \$26 milk powder I'm using now," she said.

It recommended that such tie-ups be reviewed.

Currently, only public hospitals are allowed from entering into such arrangements. They have to ensure to give different manufacturers equal opportunities.

The Ministry of Health said the *Straits Times* that it will "strongly encourage" all hospitals providing maternity services to achieve the Baby-friendly Hospital Initiative (BFHI) certification.

This prevents conflicts of interest by prohibiting sponsorship arrangements, and actively discourages manufacturers and private hospitals from offering "incentives" to hospitals to stock their products.

The CCS said formula milk companies target hospitals to gain a "first mover" advantage, given that most parents do not switch brands later.

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Call to end formula milk firms' aggressive tactics

Competition watchdog flags tie-ups with private hospitals, as high prices cause concern

Manufacturers are paying private hospitals to distribute their products, the Competition Commission of Singapore (CCS) said yesterday.

In particular, sponsorship and payment arrangements between manufacturers and private hospitals are "voids of interest" that should be reviewed, they say.

This follows a report by the Singapore's competition watchdog which found that formula milk

the-up be reviewed.

Currently, only public hospitals are allowed from entering into such arrangements. They have to ensure to give different manufacturers equal opportunities.

The Ministry of Health said the *Straits Times* that it will "strongly encourage" all hospitals providing maternity services to achieve the Baby-friendly Hospital Initiative (BFHI) certification.

This prevents conflicts of interest by prohibiting sponsorship arrangements, and actively discourages manufacturers and private hospitals from offering "incentives" to hospitals to stock their products.

The CCS said formula milk companies target hospitals to gain a "first mover" advantage, given that most parents do not switch brands later.

It recommended that such tie-ups be reviewed.

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Competition watchdog looks into infant milk formula prices

CCS says it will reveal more in due course; move comes as several MPs express concern about spike in prices

Tiffany Fumiko Lay

The Competition Commission of Singapore (CCS) has looked into the rising cost of infant milk formula, an issue that several Members of Parliament have voiced concern about, and will reveal more in due course, it said. The Straits Times yesterday.

In March 2017, the average price of a 900g tin of formula milk had increased 120 per cent over the last decade to \$56.06, outstripping the increases for other dairy products and household staples.

Parliamentary Group MP Chia Shee Li said in a Facebook post earlier this week that many families in Queenstown, an assistance have asked for help with the cost of formula powder over the years.

"In families with several young children, especially those with special formula needs, this can come up to be quite a considerable monthly expense," he wrote.

MacPherson MP Tin Pui Ling plans to ask about the rising cost of infant milk powder when Parliament sits on Monday.

MP Sun Xueling (Psear Ris Punggol GRC) was not able to secure a slot to deliver her speech but said in

an interview that the issue is of particular concern to her as Punggol Town has the highest number of births and young children in Singapore, with nine babies born every day.

"While we promote breastfeeding, the fact of the matter is that sometimes mothers have to supplement. When I had my first daughter, the cost was about \$44, now I buy the exact same one for about \$55."

Infant formula suppliers have been taken to task elsewhere. In 2015, China fined six companies a total of US\$110 million (S\$55 million) following an investigation into price-fixing and anti-competitive practices by foreign producers.

The price of infant milk powder has increased at nearly twice the pace of the annual median monthly increase of residents over the last decade, said Ms Sun.

According to market research provider "Investment Intelligence", Nestlé, Abbott, Mead Johnson Nutrition, Friso and Carpinia and Danone made up more than 60 per cent of the formula milk market share globally last



ESSENTIAL FORUMS

While we promote breastfeeding, the fact of the matter is that sometimes mothers have to supplement. When I had my first daughter, the cost was about \$44, now I buy the exact same one for about \$55.

MP SUN XUELING (Psear Ris Punggol GRC)

HEFTY EXPENSE

In families with several young children, especially those with special formula needs, this can come up to be quite a considerable monthly expense.

MP CHIA SHEE LI (Psear Ris Punggol GRC)

year, and more than 99 per cent in Singapore, with Abbott making up nearly half of the local market.

The market for milk formula in Singapore grew 17 per cent to \$203.4 million over the last five years, and is projected to increase further to \$209.2 million by 2021.

On the issue of the marketing of infant milk powder, Ms Sun said of choosing a cheaper brand: "Price is one factor, another is the perception of what that brand and milk powder can do for their child. Obviously parents want the best for their children, so they're willing to spend."

"She found on a trip to the supermarket that some brands imply on their labels that consuming their

product may make children smarter, she said, raising questions about the evidence for such claims and rules around the marketing of infant milk powder.

Given that infant milk formula is a necessity for many parents, the introduction of a \$5.5 million milk scheme in February to give 7,500 low-income families vouchers to buy milk powder is timely, she said.

"If there are people who need it, the more aid may be needed."

"If there are people who need it, the more aid may be needed."

CCS says it will reveal more in due course. The Competition Commission of Singapore says it will reveal more in due course.

CCS chief executive Toh Han Li said: "The removal of the warranty restrictions will facilitate a more competitive market for car repairs and servicing, with more choices for car owners, and opportunities for existing and new independent workshops."

According to the CCS, market feedback indicates that authorised workshops can charge two to three times as much as independent workshops for comparable parts and servicing.

For example, an oil filter change at the independent workshop could cost around \$100, but an authorised one will charge about \$200, said an industry source.

Mr Francis Lim, president of the Singapore Motor Workshop Association, said the changes will "open up the market" and give car owners more choice.

Mr Lim, who is also group director of B.C. Automotive, said authorised workshops require cars under warranty to be taken in for servicing after they clock a certain mileage.

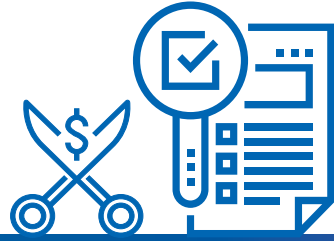
If the owner decides to take his car to an independent party instead, which means the authorised workshop will not have any servicing records – they can void the warranty, he said.

Mr Lim said it has worked with major car dealers to remove those restrictions from existing and new warranties. The move comes after the commission concluded an inquiry into the supply of car parts.

Current restrictions deter car owners from using independent workshops, curbing the workshop's ability to compete effectively with authorised ones, the watchdog said.

This restriction may, in turn, allow authorised dealers to charge customers higher prices for servicing, repair and parts, he added.

The change will mean that car dealers can void warranties or reject claims only if they establish that independent workshops had damaged or caused defects to the vehicle under warranty, the watchdog added.



ACTIONS TAKEN BY TASKFORCE

1. Raising Awareness

- Five-year campaign to educate consumers on benefits of breastfeeding and the sufficiency of nutritional contents of all Formula Milk approved for sale in Singapore.

2. Facilitating Entry

- Requirement for Formula Milk importers to submit health certificates and laboratory reports removed
- 24 new Formula Milk products were introduced as of December 2017.
- Three more affordable brands costing less than S\$35 for infants aged below 12 months as of February 2018
- Three public hospitals will introduce affordable ready-to-feed Formula Milk from July 2018.

3. Reviewing Sponsorships

- Review of Sale of Infant Foods Ethics Committee Singapore Code is in progress.
- Government is encouraging private hospitals to join the Baby-Friendly Hospital Initiative ("BHFI"). Raffles Hospital has announced its intention to be certified by mid-2019. Other private hospitals are working towards BFHI certification.

4. Misleading Advertisements

- Government has consulted the public on regulatory changes to ban health and nutritional claims or idealised images on Formula Milk cans which may mislead parents.

CHANGES IN THE MARKET

Between July and September 2017, the Health Promotion Board's survey showed that 10% more respondents became aware that all Formula Milk from various brands in Singapore contain sufficient nutrition for their babies.

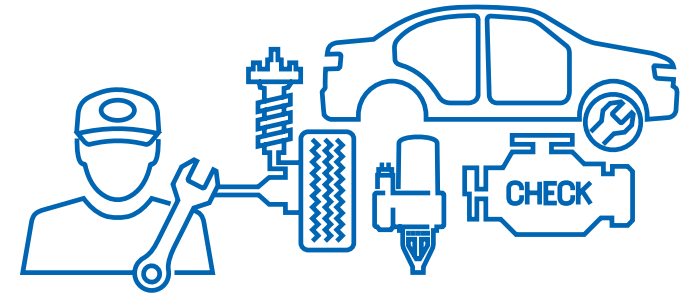


Between May and November 2017, Formula Milk prices for different age groups decreased:

- 0-6 months old – dropped by 13%
- 6-12 months old – dropped by 9%
- 1-3 years old – dropped by 5%

Major Car Dealers Amend Warranty Terms

Major authorised car dealers in Singapore have removed their warranty restrictions for customers who service or repair their cars at independent workshops. This move was a result of action taken following CCCS's study of the supply of car parts in Singapore. Published on 11 December 2017, the study aimed to better understand Singapore's car parts market and the effects of market features on competition.



FINDINGS

CCCS found that importation and wholesale distribution of car parts are generally competitive. Technical information, equipment and diagnostic tools for car servicing and repair are generally available. CCCS identified concerns with the major authorised car dealers requiring customers to service or repair their cars exclusively at the respective dealers' authorised workshops, to ensure that the car warranty remained valid. These restrictions deter car owners from patronising independent workshops, affecting the ability of independent workshops to compete effectively with authorised workshops.

OUTCOME

CCCS raised its concerns about the warranty restrictions with the major authorised car dealers in Singapore. All the dealers agreed to remove their warranty restrictions by 31 December 2017. With the changes, car owners now have the choice to bring their cars to independent workshops for servicing and repairs. These authorised car dealers may void car warranties or reject claims only if they establish that the damage or defect to be claimed under the warranty is caused by the independent workshops.

Car repairs may be cheaper after lifting of warranty curbs

Independent workshops can do fixes without affecting warranty: Competition watchdog

Adrian Lim
Transport Correspondent
and Aw Cheng Wei

Come next year, drivers will be able to fix their cars at a workshop of their choice – sometimes at far lower prices – and not worry too much about losing their warranty, the Competition Commission of Singapore (CCS) said in a statement yesterday.

Under current warranty restrictions, drivers may service or repair their cars only at authorised workshops. Fixing their cars at independent workshops will void the warranty.

The CCS said it has worked with major car dealers to remove those restrictions from existing and new warranties. The move comes after the commission concluded an inquiry into the supply of car parts.

Current restrictions deter car owners from using independent workshops, curbing the workshop's ability to compete effectively with authorised ones, the watchdog said.

This restriction may, in turn, allow authorised dealers to charge customers higher prices for servicing, repair and parts, he added.

The change will mean that car dealers can void warranties or reject claims only if they establish that independent workshops had damaged or caused defects to the vehicle under warranty, the watchdog added.

CCS chief executive Toh Han Li said: "The removal of the warranty restrictions will facilitate a more competitive market for car repairs and servicing, with more choices for car owners, and opportunities for existing and new independent workshops."

According to the CCS, market feedback indicates that authorised workshops can charge two to three times as much as independent workshops for comparable parts and servicing.

For example, an oil filter change at the independent workshop could cost around \$100, but an authorised one will charge about \$200, said an industry source.

Mr Francis Lim, president of the Singapore Motor Workshop Association, said the changes will "open up the market" and give car owners more choice.

Mr Lim, who is also group director of B.C. Automotive, said authorised workshops require cars under warranty to be taken in for servicing after they clock a certain mileage.

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CCS says it will reveal more in due course. The Competition Commission of Singapore says it will reveal more in due course.



2,500
Number of motor workshops here, according to the Singapore Motor Workshop Association.

According to the Competition Commission of Singapore, market feedback indicates that authorised workshops can charge two to three times as much as independent workshops for comparable parts and servicing. THE FULL PHOTO

workshops will now have to beef up their technical know-how to service newer car models, which are typically those still under warranty.

According to the association, which has more than 700 members, there are about 2,500 motor workshops in Singapore.

atran@sgp.com.sg
awc@sgp.com.sg



CASE TEAM MEMBERS

Ng Ming Jie,
James Yoon,
Wong Chun Han,
Eileen Lee,
Tan Hi Lin

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CCCS Calls for Petrol Price Comparison Portal

On 19 December 2017, CCCS released the key findings from its inquiry into the retail petrol market in Singapore. While the inquiry did not uncover any case of collusion between petrol retailers in Singapore, it raised the need for more transparent prices. Subsequently, CCCS has proposed to develop a petrol price comparison platform for consumers.

OBJECTIVE OF INQUIRY

To understand petrol retailers' pricing processes and motorists' purchasing habits

INFORMATION GATHERED FROM

- Industry players
- Experts from overseas competition authorities
- Local banks
- Developers of mobile applications that compare petrol prices
- Motorists

FINDINGS

- While the listed retail prices of the petrol retailers were similar, their effective prices were lower than the listed prices, by 5% to over 20%, due to various discounts and rebates.
- There is high brand loyalty amongst consumers. Majority of consumers (58%) did not switch petrol brands between 2012 and 2016, and about one in five consumers (22%) compared prices across petrol brands.
- Discount and rebate schemes are complicated, which make price comparison difficult for consumers.
- The majority of motorists (63%) purchased a higher grade of petrol than needed.
- Motorists who monitor petrol prices through comparison websites or mobile applications potentially enjoy a total of S\$40 million savings per year.

FURTHER ACTION

CCCS is exploring the development of a web portal and/or mobile application to help consumers make more informed purchasing decisions, and encourage more transparent competition amongst petrol retailers.



CASE TEAM MEMBERS

Ng Ming Jie, Stephanie Panayi, Nicholas Sim, Herbert Fung



Watchdog calls for petrol price comparison portal

It'll help improve consumer decisions, spur more transparent retailer competition: CCS

Samantha Boh

There is no collusion among petrol retailers but prices can be more transparent, said the Competition Commission of Singapore (CCS) as it proposed the development of a platform to allow consumers to better compare prices.

It said it will be working with stakeholders, including petrol retailers, to develop a price comparison Web portal and/or mobile application, which could save motorists here S40 million a year.

This comes after it did a second inquiry into the petrol market. The findings were released yesterday. A price comparison platform with various retail petrol prices and discounts will, for instance, help consumers make more-informed purchase decisions and encourage more transparent competition among petrol retailers, said the commission.

The proposal comes amid the potential entry of a fifth petrol retailer into Singapore, it added. The current four are Caltex, Esso, Shell and Singapore Petroleum Company (SPC), with Chinese giant Sinopec set to enter the Singapore market, according to media reports in October.

The CCS noted that those who monitor prices through comparison websites or mobile/tablet apps would enjoy even more discounts, compared with those who monitor prices through conventional means such as on-site displays or petrol retailers' websites.

"Discount and rebate schemes are complicated and make price comparison difficult for consumers," it said. "If information on effective prices, that is, retail prices net of petrol discounts and rebates, was made simpler and

available, consumers would be able to effectively compare prices and make more-informed petrol purchase decisions."

The commission's second inquiry into the petrol market began in February 2015, when the price of crude oil declined from US\$115 a barrel in June 2014 to a low of US\$46 in January 2015.

Back then, the commission received feedback that retail petrol prices had not fallen in tandem with crude oil price declines.

The inquiry was conducted with input from petrol retailers, industry experts and motorists. The CCS yesterday said petrol retailers differentiate their prices through the use of discounts. It noted that while listed retail prices are similar, prices could be lowered by 5 per cent to over 20 per cent with various discounts and rebates offered under loyalty programmes.

Thus, there is high brand loyalty among consumers, the inquiry found, with 58 per cent of consumers surveyed not switching petrol brands between 2012 and last year. Only an average of one in five compared prices, the survey found.

The inquiry also said that there should be greater awareness about using the correct octane grades, as the survey showed that 63 per cent of motorists purchased a higher grade of petrol than needed.

When contacted, Shell, SPC and ExxonMobil said they are studying the findings from the CCS. A spokesman for ExxonMobil, which sells the Esso brand of fuels, said it is looking into how it can incorporate the recommendations.

An SPC spokesman said pump prices at its service stations are in line with prevailing market conditions. "We monitor the market regularly and will periodically review and adjust prices and promotions to reflect market conditions and to offer competitive pump prices to the motoring public."

There is price differentiation among retailers through discounts and rebates under various loyalty programmes, resulting in effective retail prices which were lower by 5 to over 20 per cent than listed prices. CCS consumer survey found nearly all consumers rely on price discounts to get a better deal.

More than half of Singapore motorists said that they remained with their respective petrol brands between 2012 and 2016, citing convenience of station location, satisfaction with credit or debit card promotions and loyalty programmes, accessible by a wide network of stations, and protection of the vehicle's engine as factors.

CCS data also showed that 63 per cent of motorists purchased a higher grade of petrol than needed for their vehicles. They perceive higher grades better despite studies showing higher grades do not optimise engine performance.

"Using the correct petrol grade as recommended by the engine specification listed in the vehicle owner's manual generally allows the best engine performance," CCS said, adding it would continue to advance more consumer awareness through appropriate

Singapore competition panel urges more transparency in petrol pricing

By Wong Kah Yi

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

Lawrence@ST

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Times Publishing/Penguin Group Merger Receives Conditional Approval

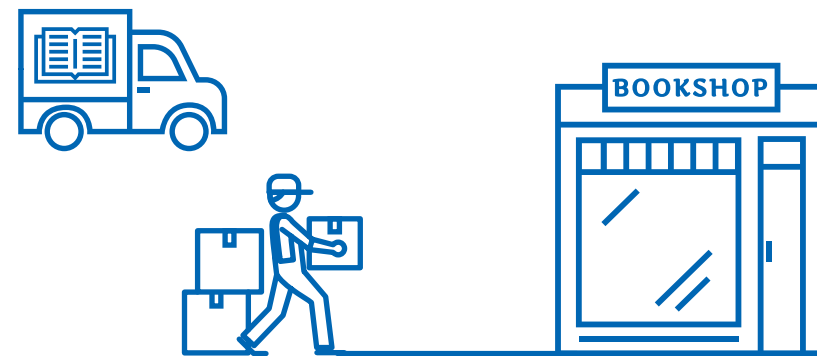
On 25 September 2017, CCCS conditionally approved the Proposed Transaction of Times Publishing Limited's ("TPL") acquiring Penguin Random House Pte. Ltd. and Penguin Books Malaysia Sdn. Bhd. (collectively "Penguin Group Companies") from Penguin Random House Limited ("PRH").

CONCERN: MERGED ENTITY MAY DISCRIMINATE OR RESTRICT SUPPLY

Prior to the Proposed Transaction, PRH or Penguin Group Companies were not affiliated with any book retailer in Singapore, and books published by PRH were sold to retailers by different distributors. However, after the Proposed Transaction, the publishers' titles would be distributed exclusively in Singapore, Malaysia and Brunei by the merged entity, which was affiliated with a downstream retailer, Times The Bookstores. CCCS was concerned that the merger would give the merged entity greater ability to favour Times The Bookstores, or to restrict supply of the Publishers' titles to other retailers.

RESOLUTIONS

TPL has committed to supply the full range of books as well as apply the same Distributor Recommended Retail Price and discounts to all third-party retailers in a fair, reasonable and non-discriminatory manner. An Independent Auditor appointed by TPL will monitor its compliance with the commitments.



Times Publishing gets nod for Penguin buys

Competition watchdog sets conditions for purchase of Penguin Random House units

Anabeth Leow

Asia-based Times Publishing has received the green light to buy two Penguin Random House units, but with strings attached, the Competition Commission of Singapore (CCS) said yesterday.

The Fraser & Neave media group must ensure that other retailers get a fair shot at selling books published under the Penguin umbrella once it acquires the international publisher's Singaporean and Malaysian distribution arms.

It will have to apply the same recommended retail prices across the board and must also make sure that discounts are available in a fair, reasonable and non-discriminatory manner, with an independent auditor checking for compliance.

The S\$8 million deal between Times Publishing and Penguin Random House, which was proposed in January, ran into a roadblock when the commission flagged the potential concerns in its first round of reviews.

After the sale, the Penguin Random House and Penguin Books Malaysia units were to have inked an exclusive distribution deal for

English books under the Penguin Books, The Random House Group, Doring Kindersley and Penguin Random House imprints.

But Times Publishing is also behind the Times The Bookshop chain, and the watchdog noted that the company's ties to a specific retailer "may lead to the merged entity having greater ability and incentive to discriminate or restrict supply of the publishers' titles to other retailers".

The competition commission discussed with Times Publishing how the company would address such concerns and then held a public consultation on the company's suggested commitments, before giving the deal the thumbs up.

The conditional approval means Times Publishing will now be allowed to proceed with the buyout on the strength of its promise to see through and stick to the fair competition terms.

CCS, a statutory board under the Ministry of Trade and Industry, is tasked with ensuring that mergers do not cause a substantial lessening of competition in Singapore, among other responsibilities.

leowhna@sph.com.sg



Times Publishing must ensure that other retailers get a fair shot at selling books published under the Penguin umbrella. PHOTO: BLOOMBERG

Source: The Straits Times (26 Sep 2017) © Singapore Press Holdings Limited. Permission required for reproduction.



CASE TEAM MEMBERS

Ng Ming Jie, Cindy Chang, Rachel Lee, Marcel Tan, Ng Jia Le, Herbert Fung

STRENGTHENING LEGISLATION & ENFORCING COMPETITION



Parliament Passes CCCS's Proposed Changes to Competition Act

On 16 May 2018, the amendments to the Competition Act ("Act") via the Competition (Amendment) Act 2018 came into effect.

The Act was enacted in 2004 to promote efficient market conduct and to strengthen Singapore's competitiveness, for the benefit of both businesses and consumers. Administered by the CCCS, it aims to prevent anti-competitive practices in Singapore's marketplace, without imposing excessive compliance costs or restrictive conditions on businesses.

In 2017, CCCS reviewed the Act to identify and address existing administrative gaps, and provide greater clarity on its enforcement of the Act. Its efforts included:

- ✓ Studying best practices and experiences of foreign jurisdictions
- ✓ Engaging relevant economic agencies and sector regulatory agencies
- ✓ Carrying out a public consultation to assess response to the proposed amendments.

THE CHANGES FOLLOWING THE THREE KEY AMENDMENTS IN THE BILL:

Businesses under investigations can now offer legally-binding commitments to address anti-competitive conduct under sections 34 and 47.

Pre-Amendment:

Under sections 34 and 47 (the prohibitions against anti-competitive agreements and abuse of dominance respectively) of the Act, businesses can provide CCCS with voluntary undertakings to take remedial action.

Post-Amendment:

The voluntary undertakings under sections 34 and 47 are now binding commitments, similar to how merger commitments (section 54) are binding and enforceable. This move brings CCCS's practices in line with foreign jurisdictions such as the United States and the European Union.

Interview processes during inspections have been simplified

Pre-Amendment:

Under sections 64 and 65 of the Act, CCCS enforcement officers were not allowed to ask occupants of premises being searched general questions without first serving written notice for interviews. Occupants could only be questioned about documents seized during a CCCS investigation.

Post-Amendment:

CCCS enforcement officers can enter any premises under investigation to interview subjects. While the amendment does not increase CCCS's enforcement powers, it addresses an administrative gap in the investigation process.

CCCS can now provide confidential advice on anticipated mergers

Pre-Amendment:

Previously, advice for parties planning for mergers was only found in the "CCS Guidelines on Merger Procedures 2012".

Post-Amendment:

CCCS can now provide confidential advice on anticipated mergers as a formal statutory process. This provides greater clarity and assurance to businesses who wish to consider approaching CCCS for advice. The approach is consistent with practices in Australia and the United Kingdom.

Capacitor Manufacturers Fined a Record S\$19.5 million for Global Cartel

CCCS issued an Infringement Decision against five capacitor manufacturers on 5 January 2018, for engaging in anti-competitive agreements. The agreements include price-fixing and the exchange of commercially sensitive information for the sale of Aluminium Electrolytic Capacitors (“AECs”) to customers in Singapore. AECs are electrical components used in electrical devices such as computers and a variety of domestic appliances. The parties sold AECs to customers such as original equipment manufacturers and electronic manufacturing services providers, as well as distributors.

—“—
 If you are involved in a cartel, anyone could whistle-blow and get you into trouble. So, apply for leniency and do it as early as possible!

—”—

MS SERENE SEET
 Principal Legal Counsel
 Legal Division

COMPANIES INVOLVED

- ELNA Electronics (S) Pte. Ltd.
- Nichicon (Singapore) Pte. Ltd.
- Rubycon Singapore Pte. Ltd.
- Singapore Chemi-con (Pte.) Ltd.
- Panasonic Industrial Devices (Singapore and Malaysia)

FINDINGS

CCCS’s four-year investigation revealed that the parties, who were close competitors, held regular meetings in Singapore where they exchanged commercially sensitive business information such as customer quotations, sales volumes, production capacities, business plans and pricing strategies. They also discussed and agreed on sales prices, including various price increases of between 3% and 20%; and agreed to collectively reject customers’ requests for price reduction. This long-running cartel started from at least 1997 and lasted until 2013.

The manufacturers were fined S\$19.5 million in total – the highest ever issued by CCCS to date. The fact that they held more than two-thirds of the market share for the sale of AECs in Singapore, and the long duration of the cartel conduct contributed to the record financial penalty.

It took sleuths four years to crack biggest price-fixing case

Whistleblowing reveals how it snarled electronics firms after uncovering over 20 years of collusion

By Jane Yang

Singapore’s Competition Commission of Singapore (CCCS) has fined five capacitor manufacturers a total of S\$19.5 million for a global cartel that lasted for more than 20 years. The cartel, which involved price-fixing and the exchange of commercially sensitive information, was uncovered through a whistleblower’s tip-off in 2013.

The cartel members included ELNA Electronics (S) Pte. Ltd., Nichicon (Singapore) Pte. Ltd., Rubycon Singapore Pte. Ltd., Singapore Chemi-con (Pte.) Ltd., and Panasonic Industrial Devices (Singapore and Malaysia). The cartel operated in the sale of aluminium electrolytic capacitors (AECs) to customers in Singapore.

The cartel members held regular meetings in Singapore where they exchanged commercially sensitive business information such as customer quotations, sales volumes, production capacities, business plans and pricing strategies. They also discussed and agreed on sales prices, including various price increases of between 3% and 20%; and agreed to collectively reject customers’ requests for price reduction.

This long-running cartel started from at least 1997 and lasted until 2013. The manufacturers were fined S\$19.5 million in total – the highest ever issued by CCCS to date.



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CASE TEAM MEMBERS
 Serene Seet,
 Germaine Goh,
 Wong Chun Han,
 James Yoon,
 Harikumar Pillay

Three Companies Fined for Bid-rigging Tenders

On 28 November 2017, CCCS fined three companies for rigging their bids in the tenders to provide electrical services for the Formula 1 Singapore Grand Prix for 2015 to 2017 (“F1 Tender”) and asset tagging services for GEMS World Academy (Singapore) (“GEMS Tender”).

CCCS began investigations in 2015 after receiving a tip-off that the Cyclect Group* approached and colluded with HPH Engineering and Peak Top Engineering separately to rig bids for the F1 tender.

* comprises Chemcrete Enterprises Pte. Ltd. (“Chemcrete”), Cyclect Electrical Engineering Pte. Ltd. (“Cyclect Engineering”) and Cyclect Holdings Pte. Ltd. (“Cyclect Holdings”)

—“—
 Bid-rigging is one of the most harmful types of anti-competitive conduct as it distorts the competitive bidding process, thereby preventing businesses from getting the best value for their tenders.

—”—

MR TOH HAN LI
 Chief Executive of CCCS

FINDINGS

Instead of HPH and Peak Top preparing their own bids independently, the Cyclect Group had prepared different price schedules with final bid prices for HPH and Peak Top so that its subsidiary Cyclect Electrical could have a higher chance of winning the F1 Tender. Subsequently, Cyclect Electrical’s final bid price, which was about 30% lower than the rest, was selected. Cyclect Group, HPH and Peak Top were fined a total of over S\$600,000.

In March 2015, Chemcrete and HPH were also involved in another bid-rigging conduct for the GEMS Tender. Chemcrete prepared a quote for HPH that was two times higher than Chemcrete’s quote and won the tender. Cyclect Group and HPH were fined a total of S\$17,000.

Three firms fined over S\$600,000 for rigging F1 bids

Separately, two of the companies were found to have also rigged bids for a tender to supply services to a school

By Nisha Ramchandani
 nishar@sg.com.sg
 @Nisha_R1

Singapore’s Competition Commission of Singapore (CCCS) has fined three companies a total of S\$600,000 for rigging their bids in the tenders to provide electrical services for the Formula 1 Singapore Grand Prix.

Contractor group Cyclect, which consists of Chemcrete Enterprises, Cyclect Electrical Engineering and Cyclect Holdings, received the lowest penalty for its role in the bid-rigging.

HPH Engineering and Peak Top Engineering were also fined for infringing Section 34 of the Competition Act.

The CCS initiated investigations after it received a complaint in relation to possible collusion and/or bid-rigging for the F1 tender for providing electrical services, as well as a tender for asset-tagging services for international school GEMS World Academy.

On April 23, 2015, Cyclect Electrical won the three-year contract for the Singapore Grand Prix after collud-

ing with HPH and Peak Top, which inflated their bids by 25 to 30 per cent above that of Cyclect Electrical, the CCS said. Chemcrete, a unit of Cyclect Group, also paid its bid.

Cyclect Electrical’s bid was also 10 to 20 per cent above the winning bid for the previous F1 tender spanning 2011-2014, which it also won. However, that increase could have been due to other factors, including labour costs, the CCS highlighted.

Meanwhile, for a separate tender seeking asset-tagging services for the GEMS World Academy campus in Vishnu, Chemcrete won the contract on March 31, 2015 after seeking HPH’s assistance to support by submitting a higher quote, the CCS said.

GEMS received a total of three quotes, including quotes from Chemcrete and HPH. In this case, HPH’s inflated bid was 50 per cent higher than Chemcrete’s.

The CCS fined Cyclect Group S\$559,297 for the F1 tender and S\$21,000 for the GEMS tender. The firms took into account a discount for leniency after the group came forward to provide the CCS with informa-



The F1 tender was for providing electrical services. HPH and Peak Top inflated their bids by 25 to 30 per cent above that of Cyclect Electrical’s so that Cyclect would win the tender. PHOTO: AFP

tion to help with its investigations. The discount for leniency can be up to 50 per cent, said the CCS.

The investigations, which, among other things, included inspecting the premises of Chemcrete and Cyclect Holdings, yielded evidence such as documents from key personnel at the

companies and representations from the Cyclect Group.

There was also a WhatsApp message from an executive director at HPH sent to Chemcrete’s general manager on Dec. 10, 2014, which

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WORKING HAND IN HAND

CCCS aims to provide a robust and enlightened competition regime that forms the enabling framework to grow a vibrant economy with competitive markets and innovative businesses. To achieve this, CCCS works hand in hand with other government agencies, the business community and consumer groups to promote pro-competition government policies, and raise greater awareness of the importance of competition amongst businesses and the general public.

REACHING OUT TO PROMOTE FAIR COMPETITION



ADVOCATING PRO-COMPETITION REGULATIONS THROUGH COPCOMER

The Financial Year 2017 ("FY2017") was an exciting and fulfilling one for the Community of Practice for Competition and Economic Regulations ("COPCOMER") – an inter-agency platform for CCCS, sectoral competition regulators and various government agencies to discuss best practices and experiences on competition and regulatory matters. Here are the highlights of activities held over the year:



SEMINARS TO SHARE MEMBERS' IDEAS ON COMPETITION TOPICS

APRIL 2017

- Monetary Authority of Singapore shared its financial technology ("Fintech") regulatory sandbox guidelines in encouraging promising Fintech innovations to be tested and adopted in the market.
- Energy Market Authority ("EMA") presented its regulatory framework for the electricity monopoly sector, providing insights on how regulators seek ways to ensure regulated monopolies operate efficiently to benefit consumers.

OCTOBER 2017

- Info-communications Media Development Authority discussed its Spectrum Allocation Framework and experience in conducting the New Entrant Spectrum Auction which saw the entrance of the fourth telco, TPG Telecom Pte. Ltd, and its impact on market competition.
- Ministry of Transport shared an overview of the initiatives that impacted the development of the Autonomous Vehicles landscape in Singapore.



Discussion on Regulatory Impact Assessment for Singapore

AUGUST 2017

The COPCOMER Regulator Tea brought together heads of COPCOMER agencies to exchange their views and share perspectives on Regulatory Impact Assessment ("RIA"). RIA is a tool used to systematically identify and assess the expected effects of regulatory proposals, which takes into account, not only economic costs and benefits such as competition impact, but also social, ethnic, environment and legal considerations. Emeritus Professor David Parker, a leading UK expert on this topic, delivered the keynote speech. Later, at a panel discussion, Professor Parker, Civil Service College, Land Transport Authority ("LTA") and CCCS exchanged opinions and ideas on how RIA can be applied and adapted to the Singapore context.



Workshop to Discuss Price Regulation Frameworks for Monopolies in Singapore

SEPTEMBER 2017

Regulatory agencies came together at the Economic Regulation Working Group cum COPCOMER Technical Workshop to share their experiences and frameworks for regulated monopolies in Singapore, as well as related issues. The workshop was organised by the EMA and CCCS. EMA spoke on its experiences in determining the Weighted Average Cost of Capital, a key component of the price regulation framework for monopolies and its methodology for setting license fees.



Launch of Online Workplace Group to Engage Members

SEPTEMBER 2017

The COPCOMER Lounge, a One Public Service Workplace Group, was launched to further enhance efforts in engaging officers of COPCOMER members. The Facebook group serves as an informal platform to facilitate discussion and sharing of information amongst the COPCOMER family in a friendly environment. There, officers are free to share their views or articles about issues related to competition and/or regulations without administrative restrictions. COPCOMER-related information and materials such as COPCOMER quarterly newsletters are also posted in the Lounge.

CONFERENCES AND DIALOGUES



Competition Law Conference Discusses New Approaches for a New Economy

16 AUGUST 2017

Themed “New Approaches For A New Economy”, the fifth run of the Competition Law conference was co-organised with the Singapore Academy of Law. The event shed insights on the latest developments in competition law and policy, and ways to identify and manage competition laws in the new economy.



“Vibrant and competitive markets are fueled by constant innovation, which enable businesses to achieve productivity-driven growth and is thus crucial for sustainable economic growth in the long term.”

Minister Lim Hng Kiang

OVER 200 ATTENDEES:

- Practitioners
- Academics
- Business professionals
- Government officials, including senior officials from the competition authorities of nine ASEAN states.

TOPICS DISCUSSED: COMPETITION ISSUES IN THE NEW DIGITAL ECONOMY

- Challenges to traditional business models with the advent of disrupters
- Regulatory sandboxes and design of competitive markets
- Big data
- Designing remedies in markets with competition concerns



OTHER HIGHLIGHTS

Guest-of-Honour Mr Lim Hng Kiang, Minister for Trade and Industry (Trade), shared that the rapid advancement of technology today has blurred the lines between the physical spaces and digital experiences, with unprecedented speed, scale and scope. Minister Lim also launched the Handbook on E-commerce & Competition in ASEAN.



The conference also shared key findings from the research paper undertaken by CCCS in collaboration with the Personal Data Protection Commission and the Intellectual Property Office of Singapore on Singapore’s data landscape. The research paper explored the implications of the proliferation of data analytics and data sharing on competition policy and law, personal data protection regulation and intellectual property law in Singapore. It concluded that Singapore’s existing analytical frameworks are sufficiently flexible and robust to deal with the competition issues that may arise in data-driven industries.



Dialogue with SCCC on Competition Law



11 SEPTEMBER 2017

CCCS and Singapore Chinese Chamber of Commerce & Industry (“SCCCI”) co-hosted a dialogue session attended by CCCS staff and members from various trade associations. The session shared the dos and don’ts of Competition Law, as well as how businesses can protect themselves under the law.



ADVISORIES



Advice to HDB on Establishing a Panel of Contingency Weighbridge Operators

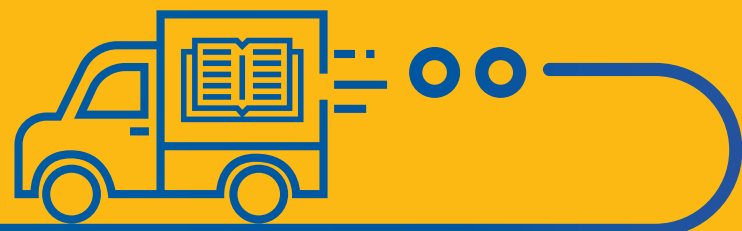
MAY 2017

The Housing and Development Board (“HDB”) consulted CCCS on a proposal to establish a panel of contingency weighbridge operators. The panel would later be set up to provide services related to the release of the national construction material stockpile to industry, in the event of a supply disruption. CCCS provided suggestions to improve competition in the process of establishing the panel, including good practices to mitigate the risk of collusion among potential suppliers during procurement.



FORGING STRONG GLOBAL CONNECTIONS

CCCS works with its foreign counterparts to promote competition by mitigating non-tariff barriers, building the necessary capacities and rendering technical assistance. CCCS also cooperates with its foreign counterparts on cross-border competition issues. Over the years, CCCS has forged strong global connections. It continues to do so by actively participating and contributing to regional and international fora on competition policy and law.



GOING BEYOND OUR SHORES



Assuming Chairmanship of the AEGC

5 TO 8 MARCH 2018

CCCS took over the chairmanship of the ASEAN Experts Group on Competition ("AEGC") at the 21st AEGC Meeting in Singapore. As chair of the AEGC, Singapore led discussions on the implementation of various projects and initiatives under the ASEAN Competition Action Plan. Topics such as continuing engagements with various dialogue partners to assist ASEAN capacity building and technical assistance for competition policy and law were also discussed.



ICN Annual Conference in Porto, Portugal

10 TO 12 MAY 2017

CCCS was confirmed as a member of the International Competition Network ("ICN") Steering Group for a two-year term at the 16th ICN Annual Conference in Porto. It was also elected co-chair of ICN's Advocacy working group for three years, where it will be part of a team that provides a forum for ICN members to share experiences and specific practices in competition advocacy; develop practical tools and guidance to improve effectiveness of members' advocacy activities; and promote the use of existing ICN tools and work products on advocacy.



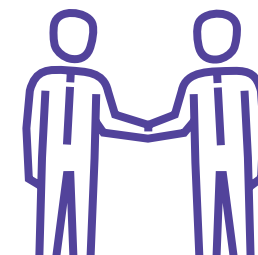
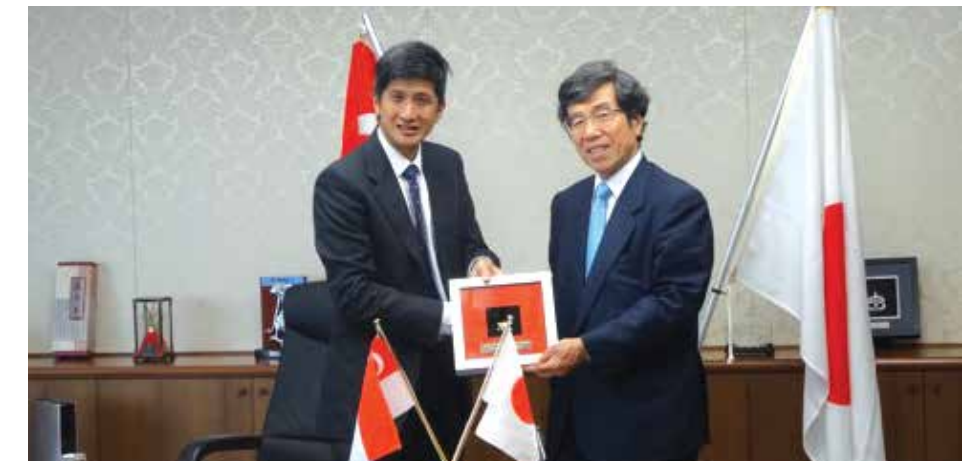
At the conference, CCCS Chief Executive Mr Toh Han Li shared Singapore's experience in dealing with challenges in the new markets during the "Advocacy Strategy in Traditional and New Markets: Which Differences" plenary session.



Tie-up for Competition Law Enforcement

22 JUNE 2017

CCCS and Japan Fair Trade Commission ("JFTC") signed the Memorandum of Cooperation ("MoC") in Tokyo, Japan, to increase cross-border enforcement cooperation between CCCS and JFTC for competition laws. The MoC will facilitate information exchange between CCCS and JFTC as well as coordination efforts to enforce cases of mutual interest.





Roundtable Discussion on E-commerce and Competition in ASEAN



17 AUGUST 2017

Organised by CCCS, the event saw heads and senior leaders of ASEAN competition authorities coming together to share experiences and challenges in handling e-commerce-related competition cases, and potential areas of e-commerce they could work on improving together.

OTHER HIGHLIGHTS:

- King's College London's Emeritus Professor Richard Whish shared the latest developments in the European Commission's e-commerce strategy
- US Federal Trade Commission Mr Timothy Hughes shared updates on e-commerce cases in the US
- Mr Herbert Fung, Director (Business & Economics), CCCS presented an overview of the Handbook on E-commerce and Competition in ASEAN



ICN AEWG ASEAN Senior Competition Officials Workshop

18 AUGUST 2017

Together with the ICN Agency Effectiveness Working Group ("AEWG"), CCCS organised a capacity building workshop on due process for senior competition officials from eight ASEAN member states. Participants discussed incorporating due process into investigative tools and practices and decision making.





45 Maxwell Road
#09-01 The URA Centre
Singapore 069118

www.cccs.gov.sg