

## **MEDIA RELEASE**

2 December 2011

### **CCS CLEARS PROPOSED ACQUISITION BY SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY OF CERTAIN ASSETS OF THE HARD DISK DRIVE BUSINESS OF SAMSUNG ELECTRONICS CO., LTD PURSUANT TO SECTION 57 OF THE COMPETITION ACT**

1. On 29 November 2011, the Competition Commission of Singapore (“CCS”) cleared the proposed acquisition by Seagate Technology Public Limited Company (“Seagate”) of the hard disk drive (“HDD”) business of Samsung Electronics Co., Ltd (“Samsung”). The transaction was notified to CCS on 25 May 2011. On 7 September 2011, CCS proceeded with a Phase 2 review.
2. Both Seagate and Samsung are active worldwide in the design, manufacture and marketing of HDDs, for use in the Enterprise, Desktop, Mobile and Consumer Electronics segments.
3. CCS found that the HDD industry is characterised by rapid innovation and significant buyer power of the original equipment manufacturers (“OEM”), as well as the ability for customers to switch among competing HDD suppliers. CCS also confirmed that there is spare capacity in the market, which would allow Samsung’s and Seagate’s competitors to expand production or begin to supply HDD products that they are not currently active in to counter any attempt by the merged entity to exploit the reduction in rivalry flowing from the acquisition. During the review, no Singapore customers expressed competition concerns regarding the transaction.

4. For the above reasons, CCS has concluded that the transaction would not give rise to a substantial lessening of competition (“SLC”) in Singapore, and accordingly would not infringe the section 54 prohibition.

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## **About CCS**

The Competition Commission of Singapore ("CCS") is a statutory body 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. For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg).

## **About Mergers That Substantially Lessen Competition**

Section 54 of the Act prohibits mergers that have resulted or may be expected to result in a SLC, unless they are excluded or exempted under the Act.

Only mergers that substantially lessen competition and have no net economic efficiencies will infringe the Act. In general, a substantial lessening of competition is likely to result in higher prices, lower quality, and/or less choices of products and services for consumers.

Not all mergers give rise to competition issues. The CCS believes that many mergers are either pro-competitive (because they positively enhance levels of rivalry) or are competitively neutral. Some mergers may lessen competition but not substantially, because sufficient post-merger competitive constraints exist to ensure that competition (or the process of rivalry) continues to discipline the commercial behaviour of the merged entity. For these reasons and also, to reduce costs to businesses, there is no mandatory requirement for merger parties to notify their merger situations to the CCS. Nonetheless, merger parties are strongly encouraged to self assess if the merger situation has resulted, or may be expected to result, in a SLC.

Merger parties may notify their merger situation to the CCS and apply for a decision if they have serious concerns as to whether the section 54 prohibition has been or will be infringed by the merger situation.

The Competition Commission of Singapore (“CCS”) has published the following guidelines in respect of the merger framework:

- *CCS Guidelines on the Substantive Assessment of Mergers<sup>1</sup>*: These set out some of the factors and circumstances which the CCS may consider in determining whether a merger has infringed, or an anticipated merger, if carried into effect, will infringe the section 54 prohibition; and
- *CCS Guidelines on Merger Procedures*:  
These set out the procedures for notifying a merger situation to the CCS for a decision and for investigations of merger situations by the CCS.

Interested parties should read both guidelines to better understand the merger framework. These guidelines are available on [www.ccs.gov.sg](http://www.ccs.gov.sg).

Persons in doubt about how they and their commercial activities may be affected by the Act may wish to seek legal advice.

## Glossary of Terms

Act	Competition Act (Chapter 50B)
Anticipated merger	Arrangement that is in the progress or in contemplation that, if carried into effect, will result in the occurrence of a merger referred to in section 54(2) of the Act.
CCS	Competition Commission of Singapore
Merger	A merger as defined in section 54(2) of the Act.
Merger parties	Parties to an anticipated merger, or parties involved in a merger.
Merger situation	Refers to both mergers and anticipated mergers.
Phase 1 Review	Entails a quick review and allows merger situations that clearly do not raise competition concerns to proceed without delay. CCS expects to complete this review within 30 working days
Phase 2 Review	Entails a more detailed and extensive review of the merger situation if the CCS is unable to conclude during Phase 1 review that the merger situation does not raise competition concerns. CCS will endeavour to complete this review within 120 working days.
SLC	Substantial lessening of competition in the relevant market in Singapore.

## For media clarification, please contact

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