



MEDIA RELEASE

23 June 2021

CCCS consults on the Proposed Joint Venture between Baker Hughes Company and Akastor ASA

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is seeking public feedback on the acquisition of joint control by Baker Hughes Company (“**Baker Hughes**”) and Akastor ASA (“**Akastor**”) (collectively, the “**Parties**”) of a proposed joint venture company which will combine Baker Hughes’s Subsea Drilling Services (“**SDS**”) business and Akastor’s subsidiary MHWirth AS (“**MHWirth**”) (the “**Proposed Transaction**”).
2. CCCS received an application from the Parties for a decision on the Proposed Transaction and accepted the application as complete on 16 June 2021. CCCS is now assessing whether the Proposed Transaction would infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers which have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

Baker Hughes

3. Baker Hughes, based in the United States of America, is a global provider of integrated oilfield products, services, and digital solutions that enhance productivity, minimise risks and lower costs across the entire spectrum of oil and gas development, i.e. upstream (evaluation, drilling, completion and production), midstream (liquefied natural gas, pipeline and storage) and downstream (refinery and petrochemical solutions).
4. Baker Hughes will contribute its SDS business consisting of equipment for drilling rigs, notably pressure control equipment (blow out preventers (“**BOP**”)¹ and BOP control

¹ A BOP is a large, high-pressure safety valve or similar mechanical device used to manage wellbore pressure and the flow of well fluids during drilling, and to prevent the uncontrolled flow of liquids and gases during drilling operations.

systems, wellhead connectors and diverters) as well as marine drilling risers² to the joint venture.

Akastor

5. Akastor is an investment company based in Norway with a portfolio of companies in the oilfield services sector in addition to other smaller-sized holdings.
6. Akastor will contribute its wholly owned subsidiary MHWirth to the joint venture. MHWirth supplies topside drilling equipment³ and marine drilling risers and has limited activities within non-oil segments. In addition, MHWirth will contribute its drilling waste management services through its subsidiary STEP Oiltools Pte. Ltd.

The Proposed Transaction

7. The Parties have submitted that the relevant market affected by the Proposed Transaction is the global supply of marine drilling risers including (i) the aftermarket services and spare parts of marine drilling risers, and (ii) marine drilling accessories.
8. The Parties have also submitted that the Proposed Transaction will not result in a substantial lessening of competition in Singapore, given the following:
 - a. Existing competitors have strong offerings and significant capacity;
 - b. There are no insurmountable barriers to entry into the marine drilling risers market, either in Singapore or globally;
 - c. Customers of marine drilling risers can exercise countervailing buyer power. These customers can leverage significant buying power within the marine drilling risers market, especially given the current overcapacity within the drilling rig equipment market generally, and marine drilling risers market specifically. They can also leverage their market power to secure new market-entrants if they feel this to be sufficiently advantageous;
 - d. Coordinated effects will not arise in the marine drilling riser market as the price of each contract is typically negotiated on an individual basis and on a case-by-case basis. This makes it difficult for the Parties and their competitors to coordinate pricing or terms of sale; and

² Marine drilling risers are used on offshore floaters and connect the topside with the pressure control equipment on the seabed.

³ The topside refers to the structure on the offshore drilling unit that sits above sea level that conducts the drilling operation and process, i.e. lowers, operates and subsequently retrieves all submersible drilling equipment.

- e. There will not be any risk of competition foreclosure or anti-competitive vertical effects although a vertical relationship exists between MHWirth and Baker Hughes. MHWirth supplies complete drilling equipment packages (which can be further segmented into complete topside and subsea drilling equipment packages for floaters (“**TSP market**”) or complete drilling packages for jack-ups and platform rigs (“**CDP market**”)), and Baker Hughes supplies pressure control equipment such as BOP stacks, wellhead connectors and diverters for complete drilling equipment packages. The Parties have submitted that they will neither have the ability or incentive to foreclose competitors in either the TSP market or the CDP market in view of the presence of strong existing competitors in the upstream market for BOP and BOP control systems, diverters for floaters, and wellhead connectors for floaters.

Public Consultation

9. CCCS is seeking public feedback in relation to the Proposed Transaction. The closing date for submissions is 6 July 2021, 2 p.m..
10. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section “[Public Consultation](#)”. If the submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About the Competition & Consumer Commission of Singapore

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

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

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