



MEDIA RELEASE

5 January 2018

CCS FINES CAPACITOR MANUFACTURERS INVOLVED IN GLOBAL CARTEL FOR PRICE-FIXING AND INFORMATION EXCHANGE

1. The Competition Commission of Singapore (“CCS”) has on 5 January 2018 issued an Infringement Decision against five capacitor manufacturers (“the Parties”) for engaging in anti-competitive agreements. The agreements include price-fixing and the exchange of confidential sales, distribution and pricing information for Aluminium Electrolytic Capacitors¹ (“AECs”) in relation to customers in Singapore, thereby infringing section 34 of the Competition Act (Cap. 50B) (the “Act”).
2. The Parties are:
 - a. ELNA Electronics (S) Pte. Ltd. (“**ELNA**”);
 - b. Nichicon (Singapore) Pte. Ltd. (“**Nichicon**”);
 - c. Panasonic Industrial Devices Singapore, and Panasonic Industrial Devices Malaysia Sdn. Bhd. (collectively referred to as “**Panasonic**”);
 - d. Rubycon Singapore Pte. Ltd. (“**Rubycon**”); and
 - e. Singapore Chemi-con (Pte.) Ltd. (“**SCC**”).
3. 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, distributors that resell capacitors to other end-user customers and International Procurement Offices based in Singapore that are in charge of procuring and supplying capacitors to customers or affiliates located in and outside Singapore.

CCS’s investigations

4. Investigations commenced after CCS received an application for immunity under CCS’s leniency programme² from Panasonic.

¹ Please refer to Appendix 1 for a sample photo of AECs.

² Please refer to Appendix 2 for more information on CCS’s leniency programme.

5. CCS's investigations revealed that the Parties, who were close competitors, held regular meetings in Singapore where they (i) exchanged confidential and commercially sensitive business information such as customer quotations, sales volumes, production capacities, business plans and pricing strategies; (ii) discussed and agreed on sales prices, including various price increases; and (iii) agreed to collectively reject customers' requests for reduction in prices of AECs sold to them.
6. The cartel activity started as far back as 1997 and senior level employees of the Parties attended the meetings in Singapore with unfailing regularity – almost on a monthly basis up until 2013³. The long-running cartel sheltered the Parties' profitability and market shares from competition, to the detriment of their customers. Without the agreements, the Parties would have been under greater competitive pressure. This means that an individual AEC supplier may not have been able to sustain a price increase without losing market share to its competitors as its customers could switch to another AEC supplier. Hence, without the cartel activity, the Parties would have had to draw customers with better prices or quality of products.
7. The harm to competition was for a protracted period of time as this was a long-running cartel made up of the major suppliers of AECs in ASEAN, including Singapore. The Parties have therefore committed a serious infringement of the Act.

International co-operation and overseas investigations

8. There have been similar investigations (some are still ongoing) in relation to cartel conduct involving AECs by the United States Department of Justice, China's National Development and Reform Commission, the Japan Fair Trade Commission, the Korea Fair Trade Commission, the Taiwan Fair Trade Commission, and the European Commission.
9. CCS had exchanges with and cooperated with the competition authorities of the United States, European Union, Japan and Taiwan during the period of investigation. In particular, CCS shared its experience on gathering evidence from the Parties, the progress of CCS's assessment of the same and discussed various procedural issues relating to the investigation with these agencies.

Financial penalties

10. On 6 April 2017, CCS issued a Proposed Infringement Decision ("PID") to the Parties and received written and oral representations on the PID from the Parties. The issues raised in the representations centred on CCS's determination of the financial penalties. CCS has carefully considered the representations which have been addressed in the Infringement Decision.

³ Panasonic and ELNA ceased their participation in the meetings in Singapore after 25 February 2009.

11. CCS has directed the Parties to pay the following financial penalties:

Party	Financial Penalty
ELNA	\$853,227.00
Nichicon	\$6,987,262.00
Panasonic	NIL
Rubycon	\$4,718,170.00
SCC	\$6,993,805.00
Total	\$19,552,464.00

12. In levying the financial penalties, CCS took into account the relevant turnovers of the Parties in relation to the sale of AECs in Singapore for the year preceding the end of their respective infringements which totalled to an estimated S\$60 to S\$70 million, the nature and duration of the infringement, aggravating and mitigating factors, as well as representations made by the Parties. The fact that the Parties held more than two-thirds of the share of the market for the sale of AECs in Singapore, the long duration of the cartel conduct further contributed to CCS imposing the highest financial penalty to date. Besides Panasonic which received total immunity from financial penalties, ELNA, Rubycon and SCC were also awarded a discount further to their application for leniency under CCS's leniency programme which accords lenient treatment to companies that come forward to CCS with information on their cartel activities. More details on CCS's leniency programme can be found at: <https://www.ccs.gov.sg/approach-ccs/applying-for-lenency>.

13. Mr. Toh Han Li, Chief Executive, CCS said:

“Cartels among suppliers cause serious harm to competition in the market, leaving businesses and end-consumers in a poorer bargaining position and facing less competitive prices. This is CCS's third case involving a global cartel and Singapore being such an open market, can be impacted by such cross-border cartels. CCS will continue to take strong enforcement action to ensure that cartels do not negatively impact Singapore markets and its competitiveness.”

14. Further information on the investigation, analysis of the case and the basis of calculation of the financial penalties imposed on the Parties are set out in the Infringement Decision which can be found here: <https://www.ccs.gov.sg/public-register-and-consultation/public-register>

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About The Competition Commission of Singapore (CCS)

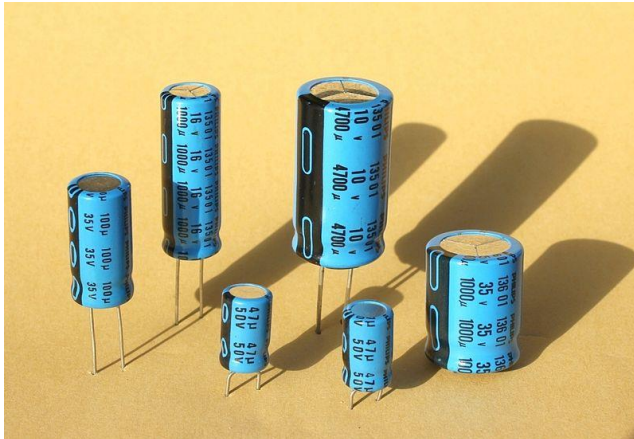
CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

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

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Appendix 1 – Sample Photo of AECs



Appendix 2 – CCS’s Leniency Programme

CCS’s leniency programme affords lenient treatment to undertakings that are part of a cartel agreement or concerted practice (or trade associations that participate in or facilitate cartels), when they come forward to CCS with information on their cartel activities.

Due to the secret nature of cartels, undertakings participating or which have participated in them are given an incentive to come forward and inform CCS of the cartel’s activities. The policy of granting lenient treatment to these undertakings which co-operate with CCS outweighs the policy objectives of imposing financial penalties on such cartel participants.

Where eligible for lenient treatment, undertakings can be granted total immunity or be granted a reduction of up to either 100% or 50% in the level of financial penalties, where applicable. For more information, please refer to the CCS Guidelines on Lenient Treatment for Undertakings Coming Forward with Information on Cartel Activity 2016 which can be found on CCS’s website.