



MEDIA RELEASE

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CCS's STUDY FINDS NO ADVERSE EFFECT ON COMPETITION IN THE KIDNEY DIALYSIS MARKET AFTER MERGER

1. The Competition Commission of Singapore ("CCS") has conducted a post-merger study of the kidney dialysis market over the period December 2012 to June 2015, and has published its findings in a post-action evaluation paper ("Paper").
2. The study follows CCS's decision to clear the acquisition by Asia Renal Care (SEA) Pte Ltd. of Orthe Pte. Ltd. ("Acquisition") in December 2012. Although the Acquisition resulted in a merged entity Fresenius Medical Care Singapore ("FMC") with a high combined market share¹ that significantly exceeded 40 per cent, CCS allowed the merger to proceed on the basis that there would not be a substantial lessening of competition because:
 - a) the barriers to entry and expansion by new providers in the kidney dialysis market were not high;
 - b) treatment services across providers were largely similar,
 - c) patients could switch easily between dialysis centres; and
 - d) in the areas where the merged parties' dialysis centres were near each other, there was also at least one other competing provider located in the vicinity.
3. Based on the study, CCS found that:
 - a) **Capacity of dialysis services in Singapore had increased from December 2012 to June 2015.** Over this period, the number of dialysis centres increased from 39 to 60, and the capacity of treatment slots per week increased from about 2,000 to almost 3,000.
 - b) **FMC's market share had fallen from 70% to 53% over the same period due to the expansion and entry of competing firms.**² New dialysis centres were set up by competing providers across all five major sub-regions of Singapore³, and these centres were able to

¹ The relevant market is defined to be outpatient haemodialysis treatment in dialysis centres operated by restructured hospitals and private sector service providers, including joint ventures between restructured hospitals and private operators in Singapore. Accordingly, the relevant market excludes services provided by Voluntary Welfare Organisations.

² Market shares are based on estimated number of patients.

³ For the regional analysis of the kidney dialysis market, the market is divided into smaller regions namely, North, Central, East, West and Northeast.

achieve similar usage rates to those of FMC.⁴ This finding is consistent with CCS's earlier assessment that barriers to entry and expansion in the market were not high.

- c) **Prices for dialysis had fallen relative to prices for other medical treatments.** The study also showed that average prices for dialysis did not increase from December 2012 to June 2015.

4. The Paper was independently reviewed by Assistant Professor Aamir Hashmi of the National University of Singapore, who concluded that the Paper provided convincing evidence that CCS's decision to clear the merger did not allow the merger to cause any adverse effect on competition in the kidney dialysis market.

5. This study forms part of CCS's on-going efforts to assess the impact of its interventions so as to ensure markets work well for businesses and consumers in Singapore.

6. The Paper is available on CCS's website.

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⁴ Advance Renal Care, Kidneycare, Pacific Advance Renal Care, and ARCA (Farrer Park) Dialysis entered the kidney dialysis market after the merger.

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.

About the Section 54 Prohibition under the Competition Act & Merger Procedures

Section 54 of the Competition Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition in Singapore.

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more.

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the effect on competition of the merger and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore.

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

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