



## MEDIA RELEASE

9 October 2017

### CCS RAISES COMPETITION CONCERNS ON PROPOSED MERGER BETWEEN MARITIME PRODUCTS SUPPLIERS

1. The Competition Commission of Singapore (“**CCS**”) has completed its Phase 1 review of the proposed acquisition by Wilhelmsen Maritime Services AS (“**WMS**”) of sole control over Drew Marine’s technical solutions, fire, safety and rescue businesses (“**Drew Marine Technical Solutions**” or “**DMTS**”) <sup>1</sup> (the “**Proposed Transaction**”). WMS and DMTS overlap in the supply of marine chemicals (cleaning chemicals, water treatment chemicals and fuel oil treatment chemicals), marine gases (welding gases and refrigerant gases) and marine welding equipment. <sup>2</sup>
2. On 10 August 2017, WMS applied for a decision by CCS on whether the Proposed Transaction would infringe the prohibition in the Competition Act (Cap. 50B) against anti-competitive mergers. <sup>3</sup> For more information on the Proposed Transaction, please refer to the [media release](#) dated 15 August 2017 available at CCS’s website.
3. CCS has raised competition concerns with WMS on the Proposed Transaction, based on information furnished by WMS and DMTS (collectively, the “**Parties**”), and third-party feedback from customers and other suppliers during the Phase 1 review. In particular, the Parties are two of the largest players that possess extensive global networks of end-to-end distribution and ancillary services for the provision of chemicals, gases and equipment to the marine sector, and appear to be each other’s closest competitors. Alternative suppliers may face difficulty achieving sufficient geographic scale to be viable alternative sources of supply and to exert sufficient competitive pressure on the merged entity post-merger, especially for customers that procure on a global basis. The Proposed Transaction may therefore substantially lessen competition in the supply of these products in Singapore, and may lead to price increases, deterioration in quality of products and/or service levels.
4. At this stage, the Parties may accordingly offer commitments to address the potential competition concerns that may arise as a result of the Proposed Transaction, or the merger will proceed to a detailed Phase 2 review upon CCS’s receipt of the relevant documents from WMS. Commitments may also be offered at any time during a Phase 2 review. For more information on the merger review process in Singapore, please refer to **Annex 1**.

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<sup>1</sup> Drew Marine refers to Drew Marine Group Coöperatief U.A. and Drew Marine Partners L.P. collectively.

<sup>2</sup> WMS supplies marine products and services primarily under the brands Unitor, Nalfleet and Timm. DMTS supplies marine products and services under the Drew Marine brand.

<sup>3</sup> Section 54 of the Competition Act (Chapter 50B) prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

## **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](http://www.ccs.gov.sg).

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## **Annex 1**

### **Phase 1 and Phase 2 Merger Review**

Set out below is a description of the Phase 1 and Phase 2 merger review conducted by CCS. Further details can be found in the *CCS Guidelines on Merger Procedures 2012*.

A Phase 1 review entails a quick review and allows merger situations which do not raise competition concerns under the section 54 prohibition to proceed. CCS expects to complete a Phase 1 review within 30 business days. By the end of this period, CCS will determine whether to issue a favourable decision and allow the merger situation to proceed. If CCS is unable, at the end of the 30-day period, to conclude that the merger situation will not result in a substantial lessening of competition, CCS will inform the merger parties and the merger parties may file Form M2. Upon receipt of Form M2, CCS will proceed to a Phase 2 review.

A Phase 2 review entails a more detailed and extensive examination of the merger situation. While the principles of substantive assessment are the same, CCS will require access to more extensive and detailed information regarding the merger parties and the markets in question.

As the Phase 2 review is more complex, CCS will endeavour to complete a Phase 2 review within 120 business days.

### **Commitments**

Section 60A of the Act states that CCS may, at any time before making a decision as to whether the section 54 prohibition has been or will be infringed, accept commitments that remedy, mitigate or prevent the substantial lessening of competition or any adverse effect arising from the merger situation. Where CCS has accepted a commitment, CCS will make a favourable decision. Further details can be found in the *CCS Guidelines on Merger Procedures 2012*.