



MEDIA RELEASE

19 July 2016

BEER MERGER: CCS CLEARS THE ACQUISITION OF GAPL PTE. LTD. BY HEINEKEN INTERNATIONAL B.V.

1. The Competition Commission of Singapore (“CCS”) has cleared the acquisition by Heineken International B.V. (“HIBV”) of the entire issued and outstanding ordinary share capital of GAPL Pte. Ltd. (“GAPL”) which HIBV (through its subsidiary, Heineken Asia Pacific Pte. Ltd. (“HAP”)) did not already hold (the “Transaction”). CCS has assessed that the Transaction has not substantially lessened competition in the supply of beers in Singapore, which includes ale, lager and stouts (the “Relevant Market”).

2. HIBV is the international holding company of the Heineken N.V corporate group of companies (“Heineken Group”), which is involved in the production, marketing, distribution and sale of beer, including brands of beer which are held by the Heineken Group and third-party brands which have been licensed to the Heineken Group’s entities. GAPL is a management and investment holding company and is the brand licensee for the Guinness FES and Guinness Draught (“Guinness Stout”) and ABC Extra Stout brands in Singapore.

3. The supply chain of beers can be divided into three functional levels, namely: (i) brand ownership; (ii) brand usage rights; and (iii) production and distribution of beer brands. The Transaction only results in a change in level (ii), from joint control between the vendor and the acquirer (the Heineken Group) pre-Transaction, to sole control by the acquirer post-Transaction. Levels (i) and (iii) are unchanged.

4. After reviewing the HIBV’s submissions and the feedback from customers and competitors following a public consultation, CCS concluded that the Transaction has not led to a substantial lessening of competition in the Relevant Market. In particular, the distribution of ABC Extra Stout and Guinness Stout in Singapore was, before and after the Transaction still undertaken by Asia Pacific Breweries Singapore, which is a wholly-owned subsidiary within the Heineken Group.

5. As such, the Transaction has not resulted in an addition of beer brands to the Heineken Group’s portfolio in Singapore. It has not changed the relative bargaining power between the Heineken Group and its customers that would increase the ability of the former to raise prices or impose exclusivities that might impair competition.

6. CCS issued its clearance decision for the Transaction to HIBV on 30 June 2016.

7. More information about the Transaction, including the Grounds of Decision for the clearance, is now available under “Public Register – Mergers and Acquisitions” on CCS’s website – <http://www.ccs.gov.sg/public-register-and-consultation/public-register/mergers-and-acquisitions>.

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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.

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

Section 54 of the 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 of the merger on competition and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger situation.

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

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