



MEDIA RELEASE

30 January 2019

CCCS Issues Infringement Decision against the Exchange of Commercially Sensitive Information between Competing Hotels

1. The Competition and Consumer Commission of Singapore (“CCCS”) has today issued an Infringement Decision (“ID”) against the owners/operators of the following hotels:

Capri by Fraser Changi City Singapore (“Capri”):

- a. Ascendas Frasers Pte. Ltd., owner of Capri (until 30 March 2015) (“AFPL”);
- b. Frasers Hospitality Trustee Pte. Ltd., owner of Capri (from 31 March 2015) (“FH Trustee”); and
- c. Frasers Hospitality Pte. Ltd., appointed agent for the management/operation of Capri (“FHPL”)

Village Hotel Changi and Village Hotel Katong (collectively referred to as the “Village Hotels”):

- a. Far East Organization Centre Pte. Ltd., owner of Village Hotel Changi (“FEOC”);
- b. Orchard Mall Pte. Ltd., owner of Village Hotel Katong (“OM”); and
- c. Far East Hospitality Management (S) Pte. Ltd., appointed agent for the management/operation of the Village Hotels (“FEHMS”)

Crowne Plaza Changi Airport Hotel (“Crowne Plaza”):

- a. OUE Airport Hotel Pte. Ltd., owner/master lessee of Crowne Plaza (“OUE Airport Hotel”); and
- b. Inter-Continental Hotels (Singapore) Pte. Ltd., appointed agent for the management/operation of Crowne Plaza (“IHG Singapore”)

(each a “Party” and together the “Parties”)

for infringing section 34 of the Competition Act (Cap. 50B) (“the Act”) by exchanging commercially sensitive information in connection with the provision of hotel room accommodation in Singapore to corporate customers.

CCCS's investigation

2. The investigation, initiated by CCCS, revealed that:
 - a. sales representatives of Capri and Village Hotels exchanged commercially sensitive information relating to their corporate customers from at least 3 July 2014 to 30 June 2015 (the "Capri-Village Conduct"); and
 - b. sales representatives of Capri and Crowne Plaza exchanged commercially sensitive information relating to their corporate customers from at least 14 January 2014 to 30 June 2015 (the "Capri-Crowne Plaza Conduct").
3. The sales representatives exchanged information which is likely to have influenced the hotels' subsequent conduct in the market or placed them in a position of advantage over their corporate customers in contract negotiations. This included critical factors that were taken into consideration in the determination of subsequent prices that were offered by the hotels to their corporate customers.
4. For example, they disclosed to each other the corporate room rates that had been negotiated on a confidential basis and agreed upon with specific customers. They also discussed future price-related strategies such as their proposed price increases for the following contractual year, their proposed bid prices in response to customer requests, and whether or not they intended to agree to a particular customer's price reduction request in the course of corporate rate negotiations.
5. Without the exchange of commercially sensitive information, each sales representative would have had to independently determine their conduct on the market; and there would have been more competitive pressure on rates (and/or terms) offered to corporate customers.
6. CCCS takes the view that the Capri-Village Conduct and the Capri-Crowne Plaza Conduct were, by their very nature, anticompetitive, and caused serious harm to competition.
7. On 2 August 2018, CCCS sent each Party (including those that applied for lenient treatment under CCCS's Leniency Programme¹) a notice of its Proposed Infringement Decision ("PID"). CCCS received representations on the PID from the Parties between 17 September 2018 and 9 October 2018.² CCCS has carefully considered all the representations in reaching its findings.

¹ Please refer to the Appendix below for more information on CCCS's Leniency Programme.

² Where CCCS proposes to make an infringement decision, the affected parties are given an opportunity to make written and oral submissions (also known as representations) in relation to the proposed finding of liability and imposition of financial penalty/directions (if any). The affected parties are also given an opportunity to inspect documents relating to the matters referred to in the proposed infringement decision.

Financial penalties

8. In levying financial penalties, CCCS took into account the relevant turnovers of the Parties, the nature, duration and seriousness of the infringement, aggravating and mitigating factors (such as whether a party had co-operated with CCCS), as well as representations made by the Parties.
9. The financial penalties levied on the Parties are as follows:

Party	Financial Penalty
<u>Capri</u>	
AFPL (owner until 30 March 2015) FHPL (operator)	S\$793,925
FH Trustee (owner from 31 March 2015) FHPL (operator)	S\$216,526
<u>Village Hotels</u>	
FEOC (owner of Village Hotel Changi) OM (owner of Village Hotel Katong) FEHMS (operator)	S\$286,610
<u>Crowne Plaza</u>	
OUE Airport Hotel (owner) IHG Singapore (operator)	S\$225,293
Total	S\$1,522,354

10. Mr. Toh Han Li, Chief Executive, CCCS said:

“The exchange of non-public commercially sensitive information between competitors is harmful to competition and customers in the market as it reduces the competitive pressures faced by competitors in determining their commercial decisions, including the price they will offer to customers. This can result in customers having less competitive prices and options after such exchanges. If a business receives such information from its competitor, it should immediately and clearly distance itself from such conduct and report it to CCCS.”

11. Further information on the investigation, analysis of the case and the basis of calculation of the financial penalties imposed on the infringing parties are set out in the Infringement Decision, which can be found at www.cccs.gov.sg.

- End -

- **Encl.** Infographic: Competing Hotels Fined \$1.5m for Exchange of Commercially Sensitive Information

About the Competition and Consumer Commission of Singapore (CCCS)

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) 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.

For media clarification, please contact

Ms. Grace Suen
Senior Assistant Director, Communications
International and Strategic Planning Division
Competition and Consumer Commission of Singapore
Email: grace_suen@cccs.gov.sg
DID: 6325 8216

Ms. Nawwar Syahirah
Senior Assistant Director, Communications
International and Strategic Planning Division
Competition and Consumer Commission of Singapore
Email: nawwar_syahirah@cccs.gov.sg
DID: 6325 8313

Appendix - CCCS's Leniency Programme

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

Due to the secret nature of cartels, businesses participating or which have participated in them are given an incentive to come forward and inform CCCS of the cartel's activities. The policy of granting lenient treatment to these businesses which co-operate with CCCS outweighs the policy objectives of imposing financial penalties on such cartel participants.³

Where eligible for lenient treatment, businesses can be granted total immunity or be granted a reduction of up to either 100% or 50% in the level of financial penalties, depending on whether CCCS has already begun an investigation and the timing of the leniency application. For more information, please refer to the *CCCS Guidelines on Lenient Treatment for Undertakings Coming Forward with Information on Cartel Activity 2016* which can be found on CCCS's website (<https://www.cccs.gov.sg/legislation/cccs-guidelines>).

³ Due to the secret nature of cartels, an incentive for cartel participants to come forward to inform CCCS of the cartel's activities can be a more effective enforcement tool than simply imposing financial penalties.