



MEDIA RELEASE

17 November 2022

CCCS Penalises Warehouse Operators for Fixing the Price of Warehousing Services at Keppel Distripark

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) issued today an Infringement Decision (“**ID**”)¹ against four businesses for infringing section 34 of the Competition Act 2004² and imposed a total financial penalty of \$2,799,138.
2. The four businesses, namely CNL Logistics Solutions Pte. Ltd. (“**CNL**”), Gilmon Transportation & Warehousing Pte. Ltd. (“**Gilmon**”), Penanshin (PSA KD) Pte. Ltd. (“**Penanshin**”) and Mac-Nels (KD) Terminal Pte. Ltd. (“**Mac-Nels**”) (each a “**Party**” and collectively the “**Parties**”) were found to have engaged in price fixing conduct by imposing in a coordinated manner an additional charge known as the “FTZ Surcharge” for warehousing services at Keppel Distripark .

CCCS’s Investigation

3. Following a complaint received from a member of the public, CCCS commenced investigations and subsequently conducted unannounced inspections simultaneously at the Parties’ places of business at Keppel Distripark on 19 November 2019. During the inspections, Penanshin applied for leniency under CCCS’s leniency programme³.
4. The Parties coordinated the imposition of an identically named FTZ Surcharge at the same price of \$6 per w/m on the same type of goods (i.e. import cargo). The FTZ Surcharge imposed by CNL, Gilmon and Penanshin was effective from 1 July 2017, and Mac-Nels’ FTZ Surcharge was effective from 1 August 2017.
5. CCCS found that the Parties had coordinated their pricing strategies instead of determining them independently. This price fixing conduct by the Parties had restricted price competition in the market for warehousing services. The Parties knew that independently imposing the FTZ Surcharge could cause their customers to switch warehousing service providers, especially if their competitors did not impose such a charge. The exchange between the Parties of their respective intentions to impose the FTZ Surcharge not only reduced their

¹ The Infringement Decision sets out the facts and evidence on which CCCS bases its assessment and the reasons for its decision.

² Section 34 of the Competition Act prohibits anti-competitive agreements between businesses.

³ More information on CCCS’s Leniency Programme can be found in Appendix 2.

own uncertainty in deciding whether to impose the FTZ Surcharge but also enhanced their negotiating positions in respect of their own customers. In the absence of the price fixing conduct, each Party may not have chosen to implement the FTZ Surcharge or may have imposed it at a lower rate to avoid or reduce the risk of losing customers to other warehouse operators.

6. On 16 March 2022, CCCS issued a Proposed Infringement Decision to the Parties. CCCS received written and oral representations from the Parties and carefully considered all the representations in reaching its findings.

Financial Penalties

7. Based on the findings set out in the ID, CCCS has imposed the following financial penalties on the Parties:

Party	Financial Penalty
CNL	S\$522,889
Gilmon	S\$1,436,378
Penanshin	S\$297,351
Mac-Nels	S\$542,520
Total:	\$2,799,138

8. In levying financial penalties, CCCS took into account each business's relevant turnover, the nature and seriousness of the infringement and aggravating and mitigating factors. As a leniency applicant which provided useful evidence and had co-operated with CCCS during its investigations, Penanshin had its financial penalty significantly reduced when CCCS applied a leniency discount.
9. Ms. Sia Aik Kor, Chief Executive, CCCS said: "Businesses should determine their pricing strategies independently. This ensures that competitive pressure, in the form of customers switching away if prices are increased, is at play. Co-ordinating prices with one's competitors is one of the most serious types of anti-competitive conduct. It removes the uncertainty involved in determining pricing strategies and results in customers getting less competitive prices. In a time of inflationary pressures, it is essential to safeguard competition to ensure that markets work well and choices are preserved."
10. "Any business that is approached to join in anti-competitive agreements should immediately and clearly distance itself from such conduct and report it to CCCS. We also call for any business that is currently involved in a cartel to approach CCCS to make a leniency application as soon as possible. Under the leniency programme, the first business to come forward and provide evidence of the cartel activities before CCCS commences a formal investigation will be given a full waiver of the financial penalty." she added.
11. Further information on the investigation, analysis of the case and the calculation of financial penalties imposed on the Parties are set out in the Infringement Decision [here](#).

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- Encl. Infographic:

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 2004 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 2003 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.

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Appendix 1 – Report useful information on cartel activities⁴ to CCCS

CCCS is interested in hearing from persons with useful information on cartel activity in Singapore. Persons who are aware of cartel activities and wish to provide the information may write to us via the [CCCS Online Complaint Form](#) to provide such information. Examples of useful information include:

- Companies/businesses who are part of the cartel;
- Origins of the cartel;
- The nature of the industry where the cartel is operating;
- Documents or other information evidencing the agreements, decisions or practices of the cartel.

Under the CCCS Reward Scheme, depending on the circumstances and in appropriate cases, a monetary reward can be paid to informants for information that leads to infringement decisions against cartel members. The informant's identity and any information that may lead to his/her being identified will be kept strictly confidential. Persons who wish to approach CCCS in this regard may call the CCCS hotline at 1800 3258282.

Business owners who are involved in cartel activities are not eligible for a reward – they should apply for leniency under CCCS's leniency programme.

For more information, please refer to the CCCS's website [here](#).

⁴ Cartel conduct includes price fixing, bid rigging, market sharing and production control.

Appendix 2 – Apply for leniency if you have engaged in cartel activity

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 cartel activities are given an incentive to provide CCCS with information and evidence 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.⁵

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, where applicable. 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 [here](#).

⁵ 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.