



MEDIA RELEASE

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CCS Approves Proposed Joint Venture between Nippon Yusen Kabushiki Kaisha Ltd. and Mitsui O.S.K. Lines and Kawasaki Kisen Kaisha Ltd.

1. The Competition Commission of Singapore (“**CCS**”) has cleared the proposed joint venture between Nippon Yusen Kabushiki Kaisha Ltd. and Mitsui O.S.K. Lines Ltd. and Kawasaki Kisen Kaisha Ltd (collectively, the “**Parties**”) (the “**JV**”). The Parties jointly applied for a decision by CCS on whether the creation of the JV would infringe the prohibition in the Competition Act (the “**Act**”) against anti-competitive mergers.¹
2. Under the JV, the Parties will merge their container liner shipping business, and their container terminal services businesses outside Japan. The only overlapping service of the Parties that would affect Singapore is the provision of container liner shipping services. The Parties also provide logistics services, bulk shipping, car transport, and liquid transport, through their respective subsidiaries. However, such services will continue to be conducted by the Parties separately and independently from each other and the JV.
3. In examining the impact of the JV on the global supply of container liner shipping services for intra-Asia trade routes, and for trades involving the East Asia region² (which includes Singapore), as both origin and destination with various other regions around the world such as Europe and North America (collectively, the “**Relevant Markets**”), CCS conducted a public consultation and sought feedback from vessel operating common carriers, non-vessel operating common carriers, and beneficial cargo owners.
4. After reviewing the Parties’ submissions and the feedback received, CCS concluded that the creation of the JV, if carried into effect, will not infringe the prohibition in the Act against anti-competitive mergers.
5. In clearing the creation of the JV, CCS found that:
 - a. None of the Parties’ combined market shares for each of the Relevant Markets crosses CCS’s indicative thresholds of a merger situation³ that may raise competition concerns;

¹ 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.

² The Parties submitted that the East Asia region consists of the following countries: Brunei, Cambodia, China, East Timor, Hong Kong, Indonesia, Japan, Laos, Macao, Malaysia, Myanmar, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

³ Paragraph 5.15 of CCS Guidelines on the Substantive Assessment of Mergers 2016 explains that CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless the merged entity will have a market share of 40% or more, or the merged entity will have a market share of between 20% to 40% and a post-merger concentration ratio of 70% or more.

- b. Barriers to entering the Relevant Markets are not prohibitively high as potential entrants do not necessarily have to operate their own vessels to enter the Relevant Markets but could charter slots on vessels operated by other liners;
 - c. Barriers to expansion are low as there is overcapacity in the industry and container lines are able to include Singapore as a port of call without incurring substantial cost;
 - d. Although there is limited evidence that customers can credibly threaten to self-supply container liner shipping services, a significant number of customers (freight forwarders and beneficial cargo owners) demonstrate bargaining power through their procurement processes;
 - e. There is limited product differentiation by container liner shipping service providers generally, and the information available does not suggest that the Parties are closer competitors to each other than against other players in the Relevant Markets;
 - f. The JV is unlikely to increase the possibility of anti-competitive coordination given the large number of liners and low market concentration that would continue to exist after the creation of the JV.
6. CCS issued its clearance decision on the JV to the Parties on 14 March 2017.
7. The clearance decision on the JV will be made available in due course on CCS's "Public Register – Mergers & Acquisitions" at www.ccs.gov.sg.

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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 Section 54 of 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% and 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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