



MEDIA RELEASE

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CCCS Clears Proposed Acquisition by SembWaste Pte. Ltd. of Veolia ES Singapore Pte. Ltd.

The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition by SembWaste Pte. Ltd. (“**SembWaste**”) of 100% issued shares of Veolia ES Singapore Pte. Ltd. (“**VESS**”) (collectively, the “**Parties**”) from Veolia Environmental Services Asia Pte. Ltd. (the “**Proposed Transaction**”).

2. Following its assessment, CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B) (the “**Act**”).

Background

3. CCCS received a notification from SembWaste on 8 January 2020 for a decision on whether the Proposed Transaction would infringe section 54 of the Act, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

SembWaste

4. SembWaste is a wholly-owned subsidiary of Sembcorp Environment Pte. Ltd., which in turn is a wholly-owned subsidiary of Sembcorp Industries Limited. SembWaste is an integrated solid waste management service provider in Singapore. It offers a comprehensive suite of services to the municipal, industrial and commercial sectors.

VESS

5. VESS is part of the Veolia group, which designs and provides water, waste and energy management solutions that contribute to the sustainable development of communities and industries. VESS’s operations in Singapore include Public Waste Collection (“**PWC**”) and General Waste Collection (“**GWC**”) services.

6. The Parties overlap in the supply of PWC¹ and GWC² services (“**Overlapping Products**”) in Singapore.

7. As part of its assessment, CCCS conducted a public consultation from 15 January to 29 January 2020 and contacted some 70 key stakeholders, including competitors and customers, to gather relevant information. CCCS also contacted the National Environment Agency (“**NEA**”) which is the regulator of waste collection services in Singapore.

CCCS’s Assessment

Relevant markets affected by the Proposed Transaction

8. CCCS considered that the relevant markets for its assessment of the Proposed Transaction are:

- (a) the market for PWC services in Singapore; and
- (b) the market for GWC services in Singapore.

Competition assessment for each relevant market

9. CCCS found that the merged entity would continue to face sufficient competition in the relevant markets from other suppliers in Singapore and overseas.

10. Specific to the market for PWC services in Singapore, CCCS found that:

- (a) The NEA is the sole customer in this market,³ which suggests that it may possess some bargaining power to constrain any increase in market power by the merged entity;
- (b) Given that barriers to entry and expansion are not high, there remains a number of credible competitors who are capable of expanding in this market to compete with the merged entity; and
- (c) The merged entity will continue to face competition from the potential entry of local and overseas suppliers.

¹ The collection of domestic/municipal waste from Housing Development Board estates, landed properties, condominiums, government properties and small trade premises regulated under a Public Waste Collectors licence.

² The collection of commercial and industrial waste including but not limited to inorganic waste, and organic waste regulated under a General Waste Collectors licence.

³ Public waste collection licences are awarded by NEA through open tenders. The Public Waste Collectors serve domestic and trade premises in Singapore by geographical sectors. The tenders are open to companies that meet the NEA’s pre-qualification criteria. Tender bids are evaluated using the price-quality method and successful bidders are awarded licences to provide waste and recyclables collection services for the respective sectors for about seven years.

11. Specific to the market for GWC services in Singapore, CCCS found that:
- (a) The combined market share of the Parties is below CCCS's indicative threshold,⁴ which suggests that competition concerns are unlikely to arise from the Proposed Transaction;
 - (b) The incremental market share arising from the Proposed Transaction is low, which suggests that the Proposed Transaction is unlikely to significantly alter the market structure;
 - (c) Customers are able to switch suppliers in this market as there is a large number of alternative suppliers for customers to choose from; and
 - (d) The merged entity will continue to face competition from existing as well as potential local and overseas suppliers.
12. Further information on the notification and CCCS's Grounds of Decision will be made available in due course on [CCCS's Public Register](http://www.cccs.gov.sg) at www.cccs.gov.sg.

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⁴ CCCS 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 the post-merger CR3 (market share of the three largest players) is 70% or more.

About the Competition and Consumer Commission of Singapore

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) or CPFTA 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 clarifications, please contact:

Ms. Grace Suen

Senior Assistant Director

Communications

Competition and Consumer Commission of Singapore

Email: grace_suen@cccs.gov.sg

DID: 6325 8216

Ms. Nawwar Syahirah

Senior Assistant Director

Communications

Competition and Consumer Commission of Singapore

Email: nawwar_syahirah@cccs.gov.sg

DID: 6325 8313