



## **MEDIA RELEASE**

22 January 2016

### **SUPPLY OF LIFT SPARE PARTS FOR MAINTENANCE OF LIFTS IN HDB ESTATES: CCS CONSULTS ON PROPOSED VOLUNTARY COMMITMENTS BY SUPPLIER**

1. The Competition Commission of Singapore (“CCS”) is conducting a public consultation from 22 January to 5 February 2016 and invites interested parties to provide feedback on the proposed commitment by a supplier of a specific brand of lift parts (the “Company”) in relation to amending its practice of withholding supply of lift spare parts, of a specific brand, to companies seeking to procure these parts to provide lift maintenance services for the relevant lifts in Singapore.
2. CCS received a complaint in relation to the Company withholding supply of lift spare parts of a specific brand to a lift maintenance company, for the purposes of servicing and maintaining lifts located in a Housing Development Board (“HDB”) estate. Under the law, a dominant firm with substantial market power is prohibited from preventing or impeding competition through withholding key products or services that are essential input to other businesses<sup>1</sup>. CCS’s investigation revealed that such conduct by the Company would likely restrict competition in the market for the provision of lift maintenance services as the Company is the only supplier of that specific brand of lift spare parts in Singapore.
3. In cooperation with CCS’s investigation, the Company has provided CCS with a voluntary commitment to amend its business practices to address CCS’s concerns.
4. The voluntary commitment provides that the Company will undertake to sell lift spare parts of the specific brand to a Purchaser subject to certain terms and

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<sup>1</sup> Section 47 of the Competition Act (Cap. 50B)

conditions, (“Terms and Conditions of Supply”) (collectively “the Proposed Commitment”).

5. In summary, the Terms and Conditions of Supply relate to the following issues:

- (a) The purchasing terms such as pricing, delivery time and warranty period;
- (b) Ensuring that the Purchaser is adequately qualified to service the said lifts;
- (c) Clarifying liability in the event of any mishaps, injuries or loss that arise through the Purchaser’s negligence;
- (d) Ensuring that the lift spare parts purchased are not modified or used for other lift brands; and
- (e) Seeking the consent from the owner of the relevant lift to be repaired.

The full list of the Terms and Conditions of Supply can be found in **Annex A**.

6. The Proposed Commitment may be released and/or reviewed by CCS in the event of any material change in market conditions for the supply of lift spare parts and/or upon a request or application to CCS by the Company.

### **Public Consultation**

7. CCS is seeking feedback to assist its consideration of the Proposed Commitment, its determination of whether the Proposed Commitment will sufficiently address the competition concerns in relation to the supply of the relevant lift spare parts and on whether the Terms and Conditions of Supply attached to the Proposed Commitment are reasonable and necessary. Following the market consultation, CCS will decide whether to accept or reject the Proposed Commitment.

8. More information on the public consultation and the full details of the Proposed Commitment can be accessed and downloaded from the CCS website at [www.ccs.gov.sg](http://www.ccs.gov.sg) under the section “Public Register and Consultation”. The closing date for submissions is **5 February 2016**. If the submission/correspondence contains confidential information, please also provide CCS with a non-confidential version of the submission or correspondence.

**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.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg).

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## Annex A

The full list of the Terms and Conditions of Supply are as follows:

- (a) The lift spare parts of the specific brand are currently held in stock by the overseas supplier;
- (b) The lift spare parts will be sold to the Purchaser based on terms and conditions, for example with respect to pricing, delivery lead time and warranty period, that are reasonably similar to those provided by the overseas supplier to the Company;
- (c) The Purchaser is a lift contractor registered with the Building and Construction Authority under both the ME09 (Lift & Escalator Installation) and RW02 (L2) (Lift Contractors) workheads;
- (d) The Purchaser agrees to indemnify the Company if the purchaser causes a lift breakdown, injury, death or any loss whatsoever, due to the purchaser's negligence;
- (e) The Purchaser undertakes to the Company not to reverse engineer or otherwise modify the purchased lift spare parts;
- (f) The Purchaser agrees to use the purchased lift spare parts for the relevant brand of lift intended by the overseas supplier;
- (g) The Purchaser has provided to the Company, written consent from the owner of the relevant lift to be repaired, to purchase the specified lift spare parts from the Company for maintaining the said lift;
- (h) The Purchaser agrees that the Company shall not be liable if the purchased lift spare parts are incompatible with the relevant lift to be repaired and/or are obsolete; and
- (i) The Purchase order provided by the Company to the Purchaser includes the following provision:
  - “Any dispute arising out of or in connection with this agreement must be submitted for mediation at the Singapore Mediation Centre (“SMC”) in accordance with SMC’s Mediation Procedure in force for the time being. Either/any party may submit a request to mediate to SMC upon which the other party will be bound to participate in the mediation within 45 days thereof. Every party to the mediation must be represented by senior

executive personnel, of at least the seniority of a Head of Department or its equivalent, with authority to negotiate and settle the dispute. Unless otherwise agreed by the parties, the Mediator(s) will be appointed by SMC. The mediation will take place in Singapore in the English language and the parties agree to be bound by any settlement agreement reached”.