



ASEAN COUNTRY STUDIES II: SINGAPORE

*Symposium on E-Commerce, ASEAN Economic Integration,
and Competition Policy and Law*

16 March 2017



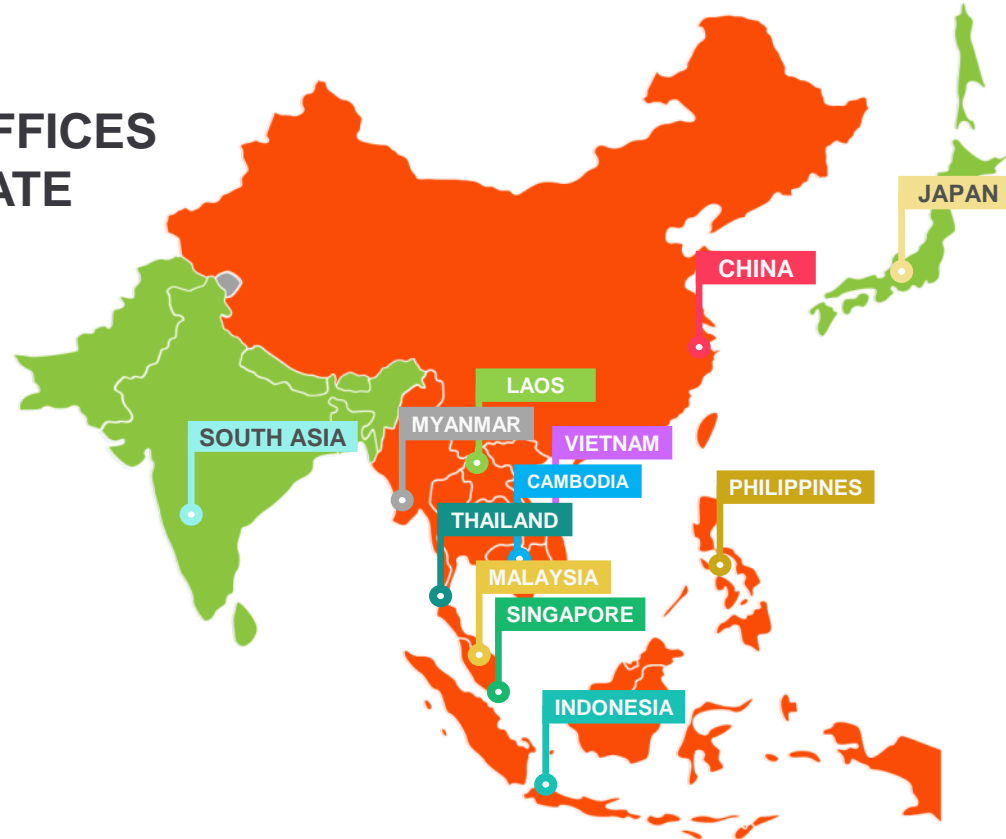
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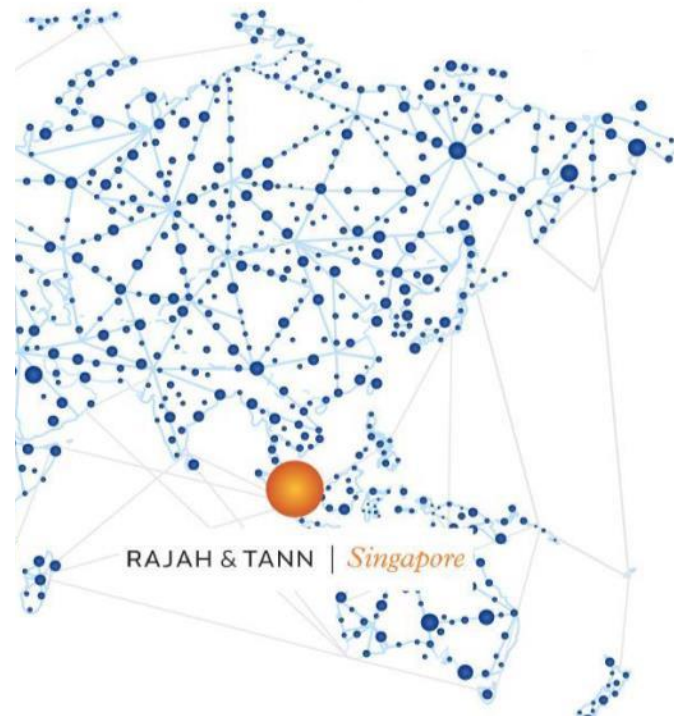
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






























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AWARDS & ACCOLADES



Competition Focused



Presentation Agenda

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INTRODUCTION TO E-COMMERCE



- E-commerce = sale and purchase of goods and services over the Internet (including ancillary activities)
- Internet as marketing and advertising platform for businesses
- Types of e-commerce transactions:

Businesses and
Consumers
("B2C")

Between
Businesses
("B2B")

Government and
Businesses
("G2B")

Between
Consumers
("C2C")

STATE OF E-COMMERCE IN SINGAPORE – KEY STATISTICS

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Internet Penetration Rate **82.1%** in 2015

Mobile Phone Penetration Rate **149.8%** in 2016

Ranked **5th** in Logistics Performance Index published by World Bank in 2016

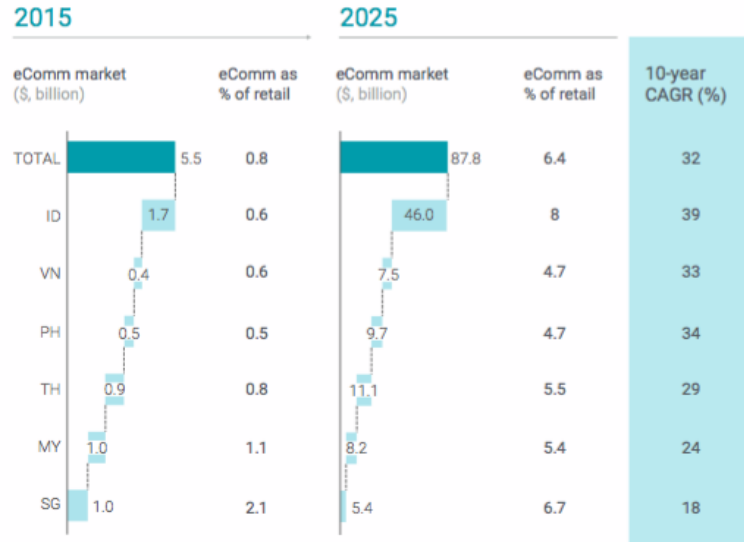
Digital Banking Penetration Rate **94%** in 2014

STATE OF E-COMMERCE IN SINGAPORE – KEY STATISTICS

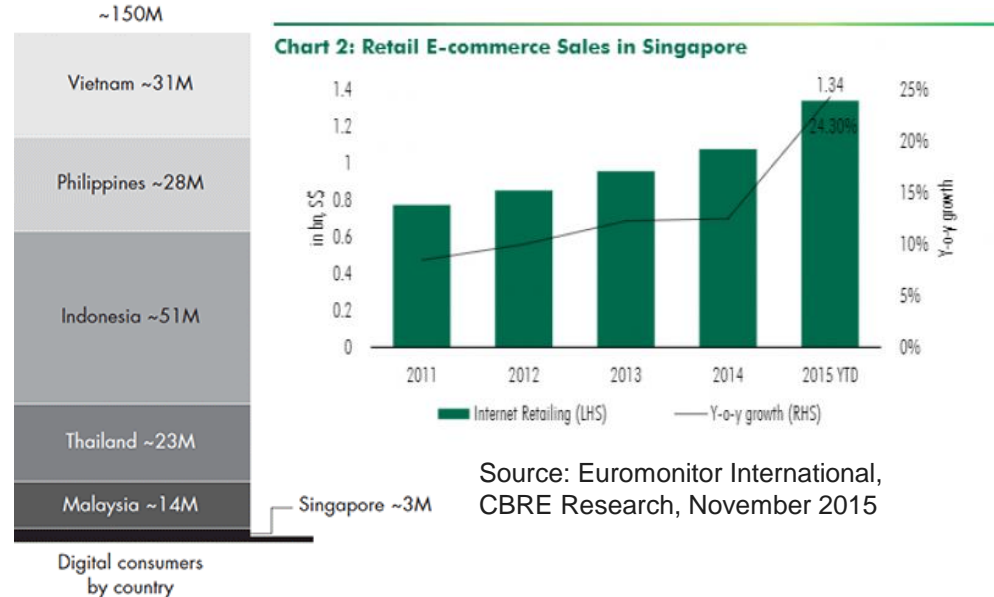


E-commerce market in Singapore was estimated at USD 1 billion (approximately SGD 1.412 billion) in 2015 and is projected to reach USD 5.4 billion (approximately SGD 7.67 billion) by 2025.

Source: Bain SEA Digital
 Consumer Survey, November 2015



Source: e-economy SEA by Google and Temasek



Source: Euromonitor International, CBRE Research, November 2015

In 2015, approximately 3 million Singaporeans had shopped online and online retail e-commerce sales reached a total of SGD 1.34 billion.

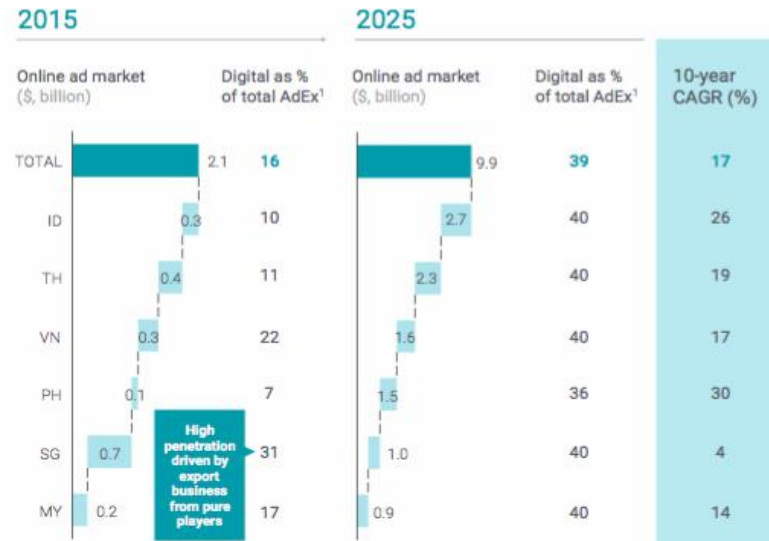
STATE OF E-COMMERCE IN SINGAPORE – KEY STATISTICS



Online Hotels and Airline Market



Online Ad Market



Source: e-conomy SEA by Google and Temasek

MAJOR E-COMMERCE PLAYERS



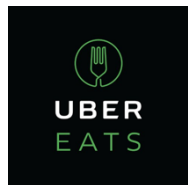
Aggregator Platforms



Online Retailers



Online Food Ordering and Delivery Providers



Taxi-Booking and Ride Sharing Service Providers



GOVERNMENT POLICIES



SMEs Go Digital Programme

Over SGD 80 million set aside by the government to encourage SMEs to make use of technology to develop their capabilities and be a part of the growing digital economy worldwide



IMDA Grants

Under the iSPRINT programme, SMEs can get up to a 70% grant on the costs of technology-based solutions for their businesses. SMEs can also receive a 50% subsidy for their monthly fibre broadband subscription costs

Helping SMEs to transform

- Increase productivity
- Manage business costs
- Seek new revenue opportunities
- Scale up operations

How can IMDA support you?

<p>SUPPLY pre-approved proven technology solutions</p> <ul style="list-style-type: none"> Access a resilient supply of easy-to-use technology solutions pre-approved by IMDA 	<p>PROVIDE specialist technology advice via new SME Digital Tech Hub¹</p> <ul style="list-style-type: none"> Dedicated assistance on data analytics, cybersecurity and internet-of-things Join workshops and seminars to build your digital capabilities <p><small>The SME Digital Tech Hub is slated to be launched by end of third quarter 2017.</small></p>	<p>SUPPORT innovative emerging technology solutions</p> <ul style="list-style-type: none"> Partner IMDA to pilot emerging solutions such as smart sensors and autonomous systems with the potential to scale Funding support of up to 70%, capped at \$300,000 per SME
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GUIDE technology deployment through Industry Digital Plans²

- Step-by-step advice on the technologies to adopt that are relevant to your sector
- Six (6) focus sectors: Retail, Food Services, Wholesale Trade, Logistics, Cleaning and Security

¹ The first Industry Digital Plan will be available towards the end of 2017.

Source: IMDA, SMEs Go Digital Programme Brochure

GOVERNMENT POLICIES



ezyCommerce

Partnership between SPRING Singapore and SingPost to launch an integrated end-to-end e-commerce solution to support and enable SMEs in Singapore to expand their e-commerce business



IE Singapore's Assistance Programmes

For example, the Market Readiness Assistance programme and the Global Company Partnership programme aim to help Singapore businesses enter overseas markets

Low cost, multi-channel, fully integrated eCommerce fulfillment solution



Source: Singpost, ezyCommerce Website

GOVERNMENT POLICIES



E-Government

All government procurement in Singapore takes place online on the GeBIZ platform. Government agencies provide e-services for Singapore citizens and residents.



MAS Fintech Regulatory Support

Any company intending to provide financial services through the use of innovative technology may apply for the sandbox from MAS to be relieved from certain legal and regulatory requirements for a limited period

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Manage your watchlist, bids and invoices.

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SCHEDULED MAINTENANCE (UPDATED)

From	To
Sunday 12 Mar 2017 12:00 a.m.	Sunday 12 Mar 2017 8:00 a.m.

Feb 27 2017

2016/2017 Financial Year Closing Instructions for GeBIZ Trading Partners doing business with MINDEF

Note: This announcement is applicable only to GeBIZ Trading Partners doing business with MINDEF.

MINDEF will be initiating its 2016/2017 Financial Year closing procedures in Mar 2017. GeBIZ Trading Partners doing business with MINDEF are to note the following:

- Expenses that have been fulfilled, GeBIZ Trading

Source: GeBIZ Website

E-COMMERCE LAWS AND REGULATIONS



1 Electronic Transactions Act

4 Computer Misuse and Cyber Security Act

2 Competition Act

5 Consumer Protection (Fair Trading) Act

3 Personal Data Protection Act 2012

6 Sale of Goods Act

E-COMMERCE LAWS AND REGULATIONS



Electronic Transactions Act

- Purpose of the ETA:
 - to facilitate e-commerce;
 - to mitigate the problems of forgery and fraud in e-commerce transactions;
 - to set out uniform rules relating to the authentication and integrity of electronic records; and
 - to enhance public confidence in the reliability of electronic records and e-commerce.
- Validates the creation of contracts electronically
- Allows consumer to correct errors made when entering information electronically for electronic transactions
- Provisions relating to authenticity and integrity of secure electronic records and secure electronic signatures

E-COMMERCE LAWS AND REGULATIONS

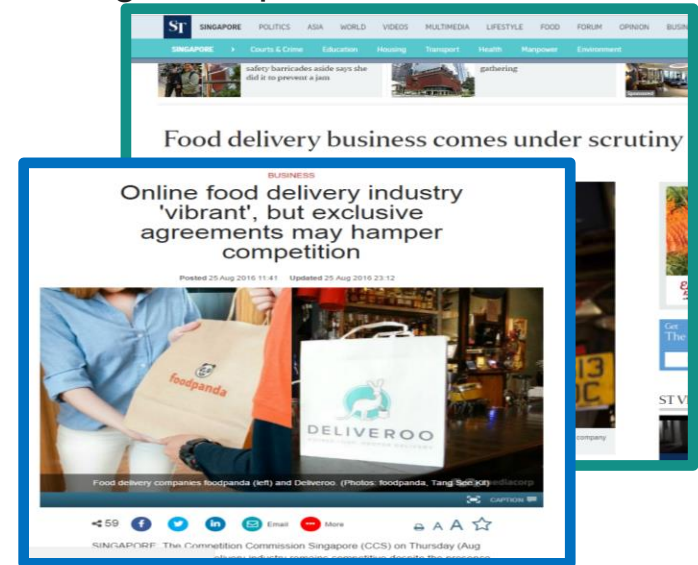


Competition Act

- Regulates competition in Singapore
- Key prohibitions:
 - agreements, decisions by associations of undertakings and concerted practice which have the object or effect of preventing, restricting or distorting competition;
 - abuse of a dominant position;
 - mergers which substantially lessen competition
- Penalty for infringement: fine up to 10% of an undertaking's total annual turnover in Singapore for up to three consecutive years

CCS INVESTIGATION INTO ONLINE FOOD DELIVERY INDUSTRY

- CCS investigated exclusive arrangements entered into by online food delivery provider
- Exclusive arrangement prevented restaurants from using other providers' services
- CCS ceased investigations as it found that competition had not been harmed
- Exclusive arrangements are likely to be an issue if the undertaking is dominant
- With online platforms and network effects
→ Is there a tipping point for dominance?



CCS ASSESSMENT OF MERGER IN ONLINE RECRUITMENT SERVICE INDUSTRY



- In November 2014, CCS approved the proposed acquisition of JobStreet Singapore by SEEK Asia, subject to conditions
- Acquisition would have combined the top two online recruitment advertising service providers in Singapore – JobsDB.com.sg and JobStreet.com.sg
- Characteristics of online markets:
 - “Network effects are important for a successful online recruitment service; the service provider must have a significant jobseeker pool to make it attractive to advertisers, and a significant number of job postings to make it attractive to jobseekers”
 - “Competitor opined that job portals actually require very heavy technological, marketing and manpower investment. The barriers to entry include indirect network effects, brand building and technology development.”



E-COMMERCE LAWS AND REGULATIONS



Personal Data Protection Act 2012

- Prescribes rules relating to collection, use, retention, disclosure and transfer of personal data
- Applies to any company which is incorporated or conducts business in Singapore
- Personal data may not be collected, used, disclosed or transfer without the informed consent
- Personal data cannot be used for a purpose other than that for which consent was given
- Retention of personal data must not be longer than necessary

E-COMMERCE LAWS AND REGULATIONS



Computer Misuse and Cybersecurity Act

- Prevents unauthorised access to or modification of computer material
- Prohibits access to a computer in order to commit or facilitate commission of offence
- Proposed legislative amendments:
 - criminalise dealing and trading in personal information, such as credit card details, even if the trader did not hack into computers to obtain such information
 - criminalise buying and selling of hacking tools if there is a criminal intent behind such transaction
 - provide for extra-territorial application of the Act if it causes or may cause “serious harm” in Singapore e.g. illness, injury or death, and disruptions to essential services, national security and Singapore's foreign relations
- New Cybersecurity Act to be introduced in 2017

E-COMMERCE LAWS AND REGULATIONS



Consumer Protection (Fair Trading) Act

- Applies where the supplier or consumer is resident in Singapore or where the offer or acceptance relating to the transaction is made in or is sent from Singapore.
- Prohibits suppliers from engaging in unfair practices, including misleading or deceiving the consumer, making false claims and taking advantage of the consumer
- Consumers have a right to sue against suppliers which engage in unfair practices → claim may not exceed the prescribed limit of SGD 30,000
- Where goods supplied do not conform to the contract at the time of delivery, the consumer may request for:
 - Repair or replacement of non-conforming goods;
 - Require the supplier to reduce the price paid by an appropriate amount; or
 - Rescind the contract.
- Parties may not contract out of the CPFTA

E-COMMERCE LAWS AND REGULATIONS



Sale of Goods Act

- Contract of sale of goods may be made in writing, orally or by conduct
 - Under the ETA, requirement for contract to be in writing may be satisfied by an electronic record
- Duty of seller to deliver goods, and duty of buyer to accept and pay for them, in accordance with the terms of the contract
- Unpaid seller has a right to:
 - Exercise a lien over the goods which are in his possession;
 - Stop the goods in transit should the buyer become insolvent; and
 - Resell the goods as provided under the SOGA.
- Provides for certain remedies for breach of contract e.g. action for price, damages and specific performance

FINDINGS FROM MAJOR COUNTRY STUDIES



E-commerce and its impact on competition policy and law in Singapore

DotEcon, October 2015

- Singapore is a suitable breeding ground for e-commerce
 - Strong commercial focus, fast Internet connectivity, openness towards new technology and passion amongst Singaporeans for shopping
- Positive outlook on e-commerce in Singapore due to conducive environment and promise of rising mobile commerce
- E-commerce may have many pro-competitive effects:
 - Streamline supply chains and reduce distribution costs;
 - Facilitate search and information for consumers
 - Lower barriers to entry for retailers, and ultimately increase variety of products and services available on the market

FINDINGS FROM MAJOR COUNTRY STUDIES



E-commerce and its impact on competition policy and law in Singapore

DotEcon, October 2015

- Specific competition issues that e-commerce activities could give rise to:
 - Redefining Market Boundaries
 - Substitutability of online and offline channels
 - Widen the definition of geographical markets → but this may be limited by traditional barriers e.g. selective distribution agreements, legal restrictions, and transportation costs
 - Impact on Price Competition
 - Stimulate price competition between companies in online and offline channels
 - But e-commerce companies may engage in practices to inhibit search of price information by consumers
 - Risk of collusion due to higher price transparency

FINDINGS FROM MAJOR COUNTRY STUDIES



E-commerce and its impact on competition policy and law in Singapore

DotEcon, October 2015

- Specific competition issues that e-commerce activities could give rise to:
 - Network Effects
 - Difficult for small platforms to compete with large platforms → highly concentrated markets?
 - Online Data Collection and Use
 - Information about consumers and their purchasing habits are hard to replicate → significant competitive advantage for the incumbent
 - Vertical Restraints
 - e.g. use of MFN clauses

FINDINGS FROM MAJOR COUNTRY STUDIES



E-commerce and its impact on competition policy and law in Singapore

DotEcon, October 2015

- Competition law framework in Singapore generally well suited to address competition concerns in e-commerce markets
- But blanket exemption on vertical agreements could give rise to concerns
- E-commerce does not necessarily call for a more or less interventionist approach by competition authorities
- Dynamic nature of e-commerce markets suggests that any market power tends to be transitory
- Intervention may risk stifling innovation and investment in e-commerce markets

IMPEDIMENTS TO GROWTH OF E-COMMERCE



Consumers

- Difficult to change current mind set of consumers
- Preference for personal shopping experience
- Concerns over security of electronic transactions and personal data
- Concerns over reliability of online sellers



Traditional Businesses

- Reluctant to adopt new business model
- Insufficient capital
- Lack of expertise to operate online business
- Do not see the need to enter the e-commerce market



E-Commerce Players

- Engage in anti-competitive practices e.g. exclusive agreements
- Possess market power due to network effects, so new competitors may find it hard to survive

POLICY ISSUES AND RECOMMENDATIONS

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Singapore

- Continue to build public confidence in electronic transactions
- Continue to provide regulatory support for FinTech companies to come up with innovative and secure payment solutions – online payment is an essential feature of e-commerce
- Introduce assistance programmes and provide funding support which are targeted at e-commerce companies – no targeted initiatives in place currently



POLICY ISSUES AND RECOMMENDATIONS



ASEAN Economic Integration

- Harmonise e-commerce legislation, including data protection and consumer protection laws
- Establish non-litigious dispute resolution mechanisms for resolving e-commerce disputes
- Create trusted environment for electronic transactions – having mutually recognised identification and authorisation methods
- Support cross-border partnerships among e-commerce players in ASEAN



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Described as one with “*very wide vision*” by Chambers 2017. Commended External Counsel of the Year 2016 by the Inhouse Community. Cited one of Top 100 Women in Antitrust in the World. Cited amongst the Best of the Best - Women in Business Law for Antitrust and Competition Law and Corporate Governance by Euromoney Guide to the World's Leading Lawyers. Winner - Asia Women in Business Law Award (Antitrust) in 2014 and 2015, and nominated every year since its inception. Best Lawyers describes her as the Best Competition Lawyers in Singapore 2015/16. Cited Band 1 Trade Practice by Chambers Asia Pacific.

The AsiaPacific Legal 500 states that “*Kala Anandarajah ... is a leading authority in corporate governance, compliance and competition issues ...*” and is “*responsive, helpful and commercial*”, whilst The Who's Who of Leading Practitioners Singapore describes her as “*very knowledgeable*”, “*highly active and very good*” and an “*acknowledged authority*” in competition law matters. The AsiaLaw Leading Lawyers notes that “*Kala is the complete package for all competition issues in ASEAN*”. Also cited for over a decade by international peer-reviewed legal ranking journals such as The International Who's Who of Lawyers and the Euromoney Guide to the World's Leading Lawyers.

Her work spread includes antitrust/competition, telco, corporate, employment, trade & strategic goods and EHS/environmental laws.

A prolific writer who has written very widely, including the first book on Competition Laws, on Corporate Governance and on Trade.

Apart from her legal practice, Kala is a:

- Board Member, Building & Construction Authority Board.
- Deputy Chairman, Ministry Of Manpower Workplace Safety And Health Council, and chair of the Engagement & Outreach Committee of that Council.
- Member, Transplant Ethics Committee (Lay-Persons) appointed by the Ministry of Health.
- Member, Appeal Board of Council of Estate Agents
- Director, Singapore Institute of Legal Education, where she co-chairs the Working Party on Compulsory Professional Development.
- In 2004-2005, she was a member of the Review Committee established by the Council of Corporate Disclosure and Governance that reviewed and issued a revised Singapore's Code of Corporate Governance.
- Separately, Kala was awarded the Public Service Medal (Pingat Bakti Masyarakat) which is conferred by the President of Singapore.

DOMINIQUE LOMBARDI
PARTNER (FOREIGN LAWYER), DY HEAD, COMPETITION & ANTITRUST AND
TRADE
●●●●

Dominique, a Foreign Lawyer with the Competition & Antitrust Practice, has extensive experience in European competition and antitrust laws and regulatory issues. Having spent a decade in Asia, she has acquired an intimate knowledge of competition regimes in the region and brings to the Practice a unique dual European/Asian approach. Dominique has worked both in private practice and as an in-house lawyer for a leading corporation in the energy industry. Her expertise covers all aspects of competition/antitrust law - merger control, international cartels (including multi-jurisdictional leniency), vertical restraints, abusive conduct - as well as deregulation law. Dominique has been cited as a leading lawyer by various journals, including Euromoney Experts Guide to the World's Leading Competition & Antitrust Lawyers, Who's Who Legal and Best Lawyers. Chambers Asia Pacific notes her '*very reliable legal analysis*' and describes her as '*flexible and understands where the client's priorities lie*'. Separately, Dominique is an Adjunct Lecturer at Sorbonne Assas International Law School - Asia, where she lectures on European Competition Law. Dominique is a French native speaker.

Dominique is cited as a leading lawyer in the following international legal ranking journals:

- Euromoney Experts Guide to the World's Leading Competition & Antitrust Lawyers
- Euromoney Experts Guide to the World's Leading Women in Business Law
- Lawyers World – Leading Competition & Antitrust Lawyers
- Chambers Asia Pacific
- Best Lawyers International
- Who's Who Legal

TANYA TANG
CHIEF ECONOMIC AND POLICY ADVISOR
PARTNER, COMPETITION & ANTITRUST AND TRADE
••••

Tanya joined Rajah & Tann's Competition and TMT practice as its Chief Economic and Policy Advisor, giving the practice the unique capability of providing fully integrated legal and economic advice to clients.

Tanya has extensive competition and regulatory experience, having worked in the competition team at the Infocomm Development Authority of Singapore (IDA) as well as the Competition Commission of Singapore (CCS) where she was responsible for developing policy frameworks and conducting economic analysis for investigation of competition cases.

At IDA, Tanya's key responsibilities included implementing the Telecom and Postal Competition Codes, such as assessing M&A applications and investigating alleged anti-competitive practices in the relevant sectors. She also led key policy and regulatory reviews, such as reviews of the Telecom Competition Code and guidelines, as well as the Quality of Service frameworks for telecom services. In CCS, Tanya was involved in assessing complex mergers, including two mergers that went to Phase 2 review. She also led cases involving abuse of dominance and participated in dawn raids to gather information for CCS's investigations.