



**EXPLANATORY MEMORANDUM ON THE DECISION OF THE
INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE ON
THE PROPOSED CONSOLIDATION INVOLVING DESIGNATED
TELECOMMUNICATION LICENSEES, PACNET GLOBAL (SINGAPORE)
PTE LTD AND PACNET INTERNET (S) PTE LTD**

24 MARCH 2015

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PART I: INTRODUCTION

1. On 15 January 2015, Telstra Corporation Limited ("**Telstra Corporation**"), Telstra Holdings Pty Limited ("**Telstra Holdings**")¹, Pacnet Global (Singapore) Pte Ltd ("**Pacnet Global**") and Pacnet Internet (S) Pte Ltd ("**Pacnet Internet**") (collectively, the "**Applicants**") jointly submitted a Long Form Consolidation Application (the "**Consolidation Application**") to IDA for approval.²
2. The Consolidation Application seeks IDA's approval for Telstra Holdings to acquire all the ordinary shares in Pacnet Limited³ (the "**Proposed Consolidation**"). The agreement for the Proposed Consolidation was announced by the Applicants on 23 December 2014, subject to regulatory approval.
3. On 19 January 2015, IDA issued a consultation paper to solicit comments from the industry and public on the Consolidation Application (the "**Consultation**"). At the close of the Consultation on 2 February 2015, no submissions were received from the industry or public.
4. This Explanatory Memorandum provides a single document that describes: the Applicants; the Consolidation Application; the legal standards, procedures and analytical framework that IDA used to assess the Consolidation Application; IDA's assessment of the Consolidation Application; and IDA's decision.
5. Unless otherwise defined, all capitalised terms in this decision paper shall have the same meanings ascribed to them in the Telecommunications Act (Cap. 323) ("**the Act**"), the Code of Practice for Competition in the Provision of Telecommunication Services 2012 (the "**Telecom Competition Code**") or the Telecom Consolidation and Tender Offer Guidelines, as applicable. Furthermore, in this decision paper, "Telstra Holdings" and "Pacnet Limited" are used when discussing the specific transaction that underpins the Proposed Consolidation. Otherwise, "**Telstra**" and "**Pacnet**" are used as a general reference to the two entities, for example when assessing the effect on competition from the Proposed Consolidation.

¹ Telstra Singapore Pte Ltd ("**Telstra Singapore**"), Telstra's operating subsidiary in Singapore and licence holder, was not a party to the Consolidation Application.

² The Applicants' original Consolidation Application was submitted on 13 January 2015. The Applicants submitted a revised version on 15 January 2015.

³ Pacnet Limited is the owner of Pacnet Global and Pacnet Internet.

PART II: EXECUTIVE SUMMARY

Proposed Consolidation

6. The Applicants have sought IDA's approval for Telstra Holdings, a wholly-owned subsidiary of Telstra Corporation, to complete the following transaction which will result in Pacnet Limited becoming a wholly-owned subsidiary of Telstra Holdings:
 - (a) Bedrock Holdings (Bermuda) Limited ("**Bedrock Holdings**"), a wholly-owned subsidiary of Telstra Holdings, will merge with Pacnet Limited under Bermudian law; and
 - (b) Bedrock Holdings will then cease to exist and Pacnet Limited will continue as the surviving company holding all of the undertakings, assets and liabilities of the merged entity and become a wholly-owned subsidiary of Telstra Holdings.
7. Pacnet Limited has two relevant subsidiaries that hold telecommunication licences in Singapore (both are Designated Telecommunication Licensees):
 - (a) Pacnet Global, licensed as a facilities-based operator ("**FBO**"); and
 - (b) Pacnet Internet, licensed as a services-based operator ("**SBO**").
8. Telstra Holdings has one subsidiary, Telstra Singapore, which is licensed as an FBO (and is a Designated Telecommunication Licensee). Telstra has advised that while in the longer term it plans to consolidate Telstra Singapore and Pacnet Limited, Telstra is still working through its integration plan with respect to these entities.

The Applicants' View of the Effect on Competition and Public Benefits of the Proposed Consolidation

9. The Applicants submitted in the Consolidation Application that the Proposed Consolidation is unlikely to substantially lessen competition in any telecommunication market in Singapore. In particular, the Applicants submitted that the principal operations of the Applicants are complementary and not competitive. For example, they stated that Telstra's principal business in Singapore (through Telstra Singapore) is in the supply of downstream corporate enterprise services, whereas Pacnet's principal business and recent focus is the ownership and management of upstream submarine cable systems.
10. The Applicants also submitted that Telstra is not a significant player in the Singapore telecommunication markets that it is participating in (through Telstra Singapore) and Telstra cannot leverage its Australian operations to affect competition in any Singapore telecommunication market, as its Australian operations are mostly domestic.

11. The Applicants argued that the Proposed Consolidation will create the following public benefits:
- (a) *Increased competition in upstream cable markets* – gaining control over its own capacity in certain cable systems will give Telstra the “upstream independence” it needs to become a more effective competitor in Singapore against larger incumbents such as Singapore Telecommunications Ltd (“**Singtel**”) and StarHub Ltd (“**StarHub**”).
 - (b) *Increased competition in downstream markets* – adding Pacnet’s services will reinforce Telstra’s existing corporate enterprise services, allowing Telstra to grow its customer base and become a more vigorous and effective competitor in Singapore. Increased control of upstream cable capacity will allow Telstra to innovate in the service levels and products it offers in Singapore.
 - (c) *Further investment into Singapore by Telstra* – the Proposed Consolidation will facilitate further investment by Telstra in upstream and downstream markets in Singapore to the benefit of local consumers, thereby giving Telstra the scale and asset platform to be able to undertake more significant organic growth and product development in Singapore.

IDA’s Assessment of Proposed Consolidation

No Substantial Lessening of Competition or Public Interest Concerns to Deny Proposed Consolidation

12. Based on IDA’s assessment, the Proposed Consolidation has elements of both a Horizontal and a Non-horizontal Consolidation. This is because the Applicants participate together, i.e., overlap, in six out of eight telecommunication market segments.
13. IDA notes that the market share of the Post Consolidation Entity in each of the market segments in which they do compete is likely to be at a level which typically will not raise any significant competitive concerns. The two exceptions are its share of Asia Pacific submarine cable capacity, where the Applicants have estimated that the Post Consolidation Entity would have an estimated market share of 25-30%, and in the Backhaul market. However, IDA notes that both markets are competitive with a number of alternative suppliers and based on projections supplied by the Applicants, the market share of the Post Consolidation Entity in both markets is unlikely to move in an upwards direction over the next few years as significant additional capacity comes into both markets.
14. Accordingly, IDA’s assessment is that the Proposed Consolidation is less likely to raise significant competition concerns of a Horizontal Consolidation associated with the elimination of direct competitors and possible creation of a market participant with significant market power (“**SMP**”). This is further illustrated by the lack of industry responses to the Consultation which suggest

that the industry is not significantly concerned about the impact of the Proposed Consolidation.

15. Furthermore, based on IDA's assessment of the Singapore telecommunication markets that Telstra operates in, any scope for Telstra to leverage any SMP in Australian telecommunication market(s) into any Singapore telecommunication markets is limited. Such leverage is also specifically prohibited under the Telecom Competition Code.

Conclusion

16. IDA has fully considered and carefully assessed the Proposed Consolidation, taking into account the Applicants' submissions and the Consultation for which there were no responses or comments from the industry, and concludes that the Proposed Consolidation is not likely to substantially lessen competition in any Singapore telecommunication market. IDA has also assessed that there are no public interest concerns to deny the Consolidation Application.
17. IDA is satisfied that any potential competitive and/or public interest concerns in connection with the Proposed Consolidation will be addressed by the continued imposition of IDA's current regulatory requirements. IDA notes the potential efficiencies and service improvements that the Proposed Consolidation may bring.
18. IDA has therefore decided to approve the Consolidation Application, with no conditions.
19. IDA had in its approval of the proposed change in ownership of Asia Netcom Singapore Pte Ltd ("**ANC**") imposed a condition on the relevant Pacnet entities in relation to access to capacity on the East Asia Crossing ("**EAC**") and City-to-City ("**C2C**") submarine cables. Specifically, IDA requires that "The Applicants shall ensure that ANC and C2C Singapore must allow similarly-situated licensed operators in Singapore to acquire and access capacity on their respective submarine cable systems (i.e., EAC and C2C), whether via acquisition of Indefeasible Rights of Use ("**IRUs**") or long or short term leases, on a non-discriminatory basis". IDA has also reviewed the condition and determined that it is no longer necessary to impose this condition.

PART III: BACKGROUND OF THE APPLICANTS

Telstra Corporation

20. Telstra Corporation is Australia's largest telecommunications and information services provider, offering a full range of communications services and competing in all Australian telecommunication markets. Telstra facilitates access to more than 1,900 points of presence ("**PoPs**") across the globe and has one of Australia's largest shareholder bases, with 1.4 million shareholders.
21. Telstra has one Singapore based operating subsidiary, Telstra Singapore, which was incorporated in 2002 and holds an FBO licence. It provides various downstream services primarily to multinational corporations ("**MNCs**") and a small number of global service provider ("**GSPs**") customers in Singapore. These services are mainly corporate virtual private networks ("**VPNs**") and private lines, with expansion over the last few years into more co-location services and cloud computing.
22. Telstra also has minority interests⁴ in the following submarine cable systems that connect through Singapore: Asia-America Gateway Cable System ("**AAG**"), Asia Pacific Cable Network 2 ("**APCN-2**"), Sea-Me-We-3 ("**SMW3**"), Sea-Me-We-4 ("**SMW4**"). The Applicants also stated that Telstra does not exercise any effective control over the management and operational decisions of the consortia that own and operate these cable systems.
23. Telstra Holdings is a wholly-owned subsidiary of Telstra Corporation, which was incorporated in 1992 and is based in Melbourne. Telstra Holdings houses the foreign entities that are controlled by Telstra Corporation.
24. Bedrock Holdings is a wholly-owned subsidiary of Telstra Holdings. Bedrock Holdings has been incorporated specifically for the purposes of the Proposed Consolidation.

Pacnet Limited

25. Pacnet Limited is headquartered in Singapore and Hong Kong and operates across 25 offices in 11 countries including Australia, China, India, Japan, Korea, Malaysia, the Philippines, Taiwan, Thailand and the United States.
26. Pacnet Limited has two subsidiaries in Singapore that hold telecommunication licences:
 - (a) Pacnet Global, which holds an FBO licence; and
 - (b) Pacnet Internet, which holds an SBO licence.

⁴ That is, where it holds an ownership stake or IRU, i.e., this does not include cables on which it leases capacity.

27. Pacnet's principal business is:
- (a) the full ownership and management of EAC-C2C, a 36,800km cable system that connects Hong Kong, China, Korea, Japan, Taiwan, the Philippines and Singapore; and
 - (b) its 40% investment in the EAC Pacific fibre network, which is part of the Unity submarine cable system built with other companies including Bharti Airtel, Global Transit, Google, KDDI Corporation and Singtel. The 9,620km cable system connects Japan and the west coast of the United States, but does not directly connect Singapore.
28. Pacnet sells wholesale capacity on these cable systems, including to customers in Singapore such as AT&T Worldwide Telecommunications Services Singapore Pte Ltd, KDDI Singapore Pte Limited, Orange Carriers Pte Ltd and Tata Communications International Pte Ltd.
29. Pacnet leases capacity on other cable systems including SMW3, SMW4, i2i Cable Network ("**i2i**"), Tata Indicom Cable ("**TNG-TIC**"), Jakabare and Matrix Cable System ("**MCS**"). This is predominantly used to serve its own retail customers rather than for wholesale services.
30. Pacnet also provides corporate enterprise services to downstream customers in Singapore including MNCs and a significant number of small- and medium-sized enterprises ("**SMEs**"). This includes the provision of Internet access services to SMEs.

PART IV: THE CONSOLIDATION APPLICATION

Background to Designated Telecommunication Licensees (“DTLs”)

31. Pursuant to Section 32A(2) of the Act, IDA has declared every telecommunication Licensee, which is granted a licence under Section 5 of the Act to provide FBO, to be a DTL for the purposes of Part VA of the Act.
32. Other than FBO Licensees, IDA has also declared certain telecommunication Licensees⁵ to be DTLs for the purposes of Part VA of the Act. DTLs and parties acquiring voting shares or voting power in DTLs (the “**Acquiring Party**”) are required to comply with various provisions relating to such acquisitions under the Act and Section 10 of the Telecom Competition Code.
33. Specifically, pursuant to Sub-section 10.3.6 of the Telecom Competition Code, a DTL and an Acquiring Party must seek IDA’s approval in connection with any transaction that results in a Consolidation. Under the Telecom Competition Code, a Consolidation would occur if an acquisition would result in, *inter alia*, the Acquiring Party becoming a 30% Controller of a DTL, acquiring the business of a DTL as a going concern, or obtaining Effective Control over the DTL.
34. In the present case, Pacnet Global and Pacnet Internet are DTLs, and therefore the Applicants are required to seek IDA’s approval for the Proposed Consolidation.⁶

The Application

35. In line with this requirement, on 15 January 2015, the Applicants jointly submitted the Consolidation Application in relation to the Proposed Consolidation.⁷ The Applicants submitted a Long Form Consolidation Application consistent with the requirement to do so where both parties participate in the same Singapore telecommunication market and the share of the Post Consolidation Entity in that market would be greater than 15% (i.e., in the Asia Pacific International Submarine Cable Capacity market as proposed by the Applicants).
36. The Applicants submitted that the Proposed Consolidation would result in Pacnet Limited becoming a wholly-owned subsidiary of Telstra Holdings via the following process:

⁵ For more information on the Telecommunications (Designated Telecommunication Licensees) Notification 2012, please refer to the following URLs: http://www.ida.gov.sg/~media/Files/PCDG/Practice%20Guidelines/TCC/TelAct_DesTelLic_Notif2012.pdf and http://www.ida.gov.sg/~media/Files/PCDG/Practice%20Guidelines/TCC/Designated_Telecomm.pdf.

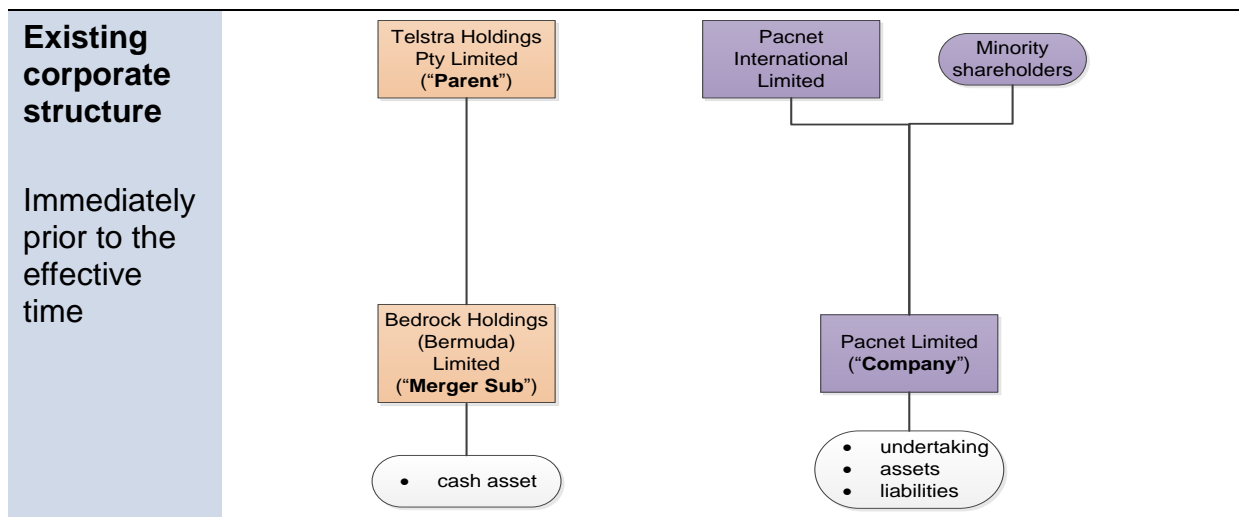
⁶ Telstra Singapore is also a DTL but is not part to the Consolidation Application.

⁷ As noted above, the Applicants’ original Consolidation Application was submitted on 13 January 2015. The Applicants submitted a revised version on 15 January 2015.

- (a) Telstra Holdings will subscribe for the number of shares in Bedrock Holdings required for the value of the issued share capital of Bedrock Holdings to equal the consideration for the Proposed Consolidation;
- (b) Bedrock Holdings will merge with Pacnet Limited under Bermudian law. Under the Proposed Consolidation:
 - (i) each issued share in Bedrock Holdings will be converted into one ordinary share of Pacnet Limited. The conversion will occur by way of cancellation of each Bedrock Holdings share and the issue of an equivalent number of shares in Pacnet Limited to Telstra Holdings;
 - (ii) Bedrock Holdings will cease to exist and Pacnet Limited will continue as the surviving company holding all of the undertakings, assets and liabilities of Pacnet Limited and Bedrock Holdings, including the equity invested by Telstra Holdings in Bedrock Holdings in accordance with sub-paragraph (a) above; and
 - (iii) all the remaining shares in Pacnet Limited that were issued and outstanding at that time immediately prior to the Proposed Consolidation (that is, excluding the shares issued to Telstra Holdings in accordance with sub-paragraph (b)(i) above) will be cancelled and the surviving company, Pacnet Limited, will pay a certain sum per share to each shareholder whose shares were cancelled.

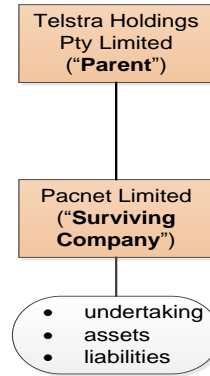
37. The effect of the change in ownership is depicted in the following table:

Table 4.1: Effect of change in ownership



Resulting corporate structure

Immediately after the effective time



Applicants' Justifications for the Proposed Consolidation

38. The Applicants submitted that the Proposed Consolidation will not have the effect of substantially lessening competition in any telecommunication market in Singapore. They submitted that this is because the principal operations of both Applicants are complementary and not competitive: Telstra's principal business in Singapore is in the supply of downstream corporate enterprise services, whereas Pacnet's principal business and recent focus is the ownership and management of upstream submarine cable systems.
39. The Applicants contended that to the extent that there is any overlap between the operations of the Applicants, the degree of aggregation that the Proposed Consolidation will give rise to in Singapore is immaterial.
40. The Applicants also argued that Telstra was unable to leverage its Australian operations (i.e., any SMP it may have in them) into any Singapore telecommunication market.
41. Following is a summary of the Applicants' comments on the Singapore markets in which they participate, including market definition, estimated market share and the effect on competition in each market, arising from the Proposed Consolidation.

International Submarine Cable Capacity

42. The Applicants considered this market as the wholesale supply of International Submarine Cable Capacity from Singapore (although they did not consider it necessary to strictly define the market as they argued that, however defined, the Proposed Consolidation would not substantially lessen competition or cause public detriment in this market). They identified two relevant geographic markets: routes from Singapore to the Asia Pacific region ("**Asia Pacific Cable Market**") and routes to the west of Singapore (including India, Middle East and Europe) ("**Western Cable Market**").
43. The Applicants claimed that while the current estimated market share of the Post Consolidation Entity (based on of the Applicants' lit capacity on those

cables in which they have an interest⁸) would be 25-30% of the lit capacity of the Asia Pacific Cable Market, as total design capacity of all cables would increase significantly over the next two to three years, its proportion of lit capacity would reduce to approximately 5-10%. The combined share of the current Western Cable Market is 0-5%.

44. The Applicants stated that while Telstra owns part of the SMW3 (Seg3A) cable connecting Singapore to Australia, Pacnet only leases a small amount of capacity on this cable, creating a negligible increase in the Post Consolidation Entity's share of capacity on this cable. Furthermore, Telstra's competitor in both Singapore and Australia, Singtel (Optus in Australia) also has part ownership of this cable.
45. In summary, the Applicants argued that there are a number of alternative current and planned cables in the Asia Pacific Cable Market (e.g., planned cables include some connecting Australia and Singapore, such as the Australia-Singapore Cable ("**ASC**") with design capacity of 36TBbps which is currently planned to be ready for service in 2015/2016) and that they were heavily constrained in both regional cable markets by Singtel and StarHub. Accordingly, they argued that the Proposed Consolidation would not substantially lessen competition in either regional submarine cable market.
46. In a separate submission to IDA, the Applicants noted the following condition that was imposed by IDA in relation to access to capacity on the EAC and C2C submarine cables, in its approval of the proposed change in ownership of Asia Netcom Singapore Pte Ltd:

"The Applicants shall ensure that ANC and C2C Singapore must allow similarly-situated licensed operators in Singapore to acquire and access capacity on their respective submarine cable systems (i.e., EAC and C2C), whether via acquisition of Indefeasible Rights of Use ("IRUs") or long or short term leases, on a non-discriminatory basis."⁹

47. The Applicants argued that this condition should be removed. They said that in imposing the condition, IDA had noted it was intended to be a short term measure. The Applicants submitted that conditions in the relevant market have changed significantly since then, rendering the condition to be unnecessary to address any current competition concerns. The Applicants submitted that at the time when IDA imposed the condition, IDA estimated Pacnet's share of lit Asia Pacific submarine cable capacity at 40%, but since then there has been substantial growth in new submarine cable systems connecting Singapore, such that Pacnet's share (alone) is now 20-25%. Given this reduction in market share since 2006, the new capacity that has

⁸ That is, where they hold an ownership stake or IRU. It does not include capacity they have leased on cables where they do not have an interest.

⁹ Paragraph 12, Explanatory Memorandum on the Decision of the Info-communications Development Authority of Singapore in Relation to the Proposed Change in Ownership in Asia Netcom Singapore Pte Ltd, 5 September 2006, http://www.ida.gov.sg/~media/Files/Archive/Policies%20and%20Regulation/Policies_and_Regulation_Level3/ExpMemoIDADecisionProposedChangeinOwnershipinANC.pdf.

become operational since 2006 and that which is currently under construction (as discussed above), the Applicants considered that there could no longer be any competition concern that they might restrict access to upstream inputs (such as cable capacity) or downstream facilities necessary to provide or deliver a telecommunication service to end users in Singapore.

Backhaul

48. The Applicants submitted that IDA's definition of the Backhaul market as consisting of services that enable a Licensee that has capacity on an international submarine cable system to transport that capacity from a cable landing station in Singapore to the Licensee's international gateway or PoP in Singapore remains valid.
49. The Applicants argued that neither Telstra nor Pacnet owned substantial amounts of backhaul infrastructure in Singapore, rather both lease or obtain IRUs from other providers. Pacnet does not provide backhaul services to third parties on a standalone basis, only as part of a bundle with its cable transmission service and thus does not generate any revenue (directly) from its backhaul services. Telstra primarily uses backhaul to connect its international PoPs to Singapore and only sells capacity to its customers on a standalone basis infrequently and on a short term basis.
50. The Applicants submitted that because Pacnet does not sell backhaul services and Telstra does so only infrequently, the Proposed Consolidation would not have the effect of substantially lessening competition in this market.

Wholesale International Telephone Services ("ITS")

51. The Applicants did not define this market, however it noted that IDA had previously found it to be competitive and that Telstra's estimated share of inbound and outbound traffic to Singapore was 0-5% for each type of traffic. The Applicants argued that in any case, as Pacnet exited the market in 2012/13 there would be no overlap, so the Proposed Consolidation would not have any impact on this market.

Internet Access

52. The Applicants noted the earlier definition Pacnet had used in a previous consolidation involving a Pacnet entity,¹⁰ where it identified separate markets for dial-up (residential and corporate), broadband (residential and corporate), leased line and global roaming Internet access services. The Applicants noted that in reviewing that consolidation, IDA stated that it did not believe it is necessary to define the markets for the purposes of that review.

¹⁰ Explanatory Memorandum on the Decision of the Info-Communications Development Authority of Singapore on the Consolidation involving Pacific Internet Limited and Connect Holdings Limited, 20 March 2007, http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20070227_PacIntLtdConnectHoldLtd/EMDecisionPICHL.pdf.

53. The Applicants stated that they together had operations only in the leased line Internet access where they estimated their combined share based on revenue at 0-5%. As Telstra did not offer dial-up or broadband Internet access in Singapore, there was no overlap in these markets. In any case, Pacnet's share of these markets is small.

International Managed Data Services ("IMDS")

54. The Applicants noted that IDA had previously defined this market as the supply of packet-based services such as asynchronous transfer mode ("ATM"), Internet Protocol - Virtual Private Network ("IP-VPN") and Frame Relay that provided managed connectivity among multiple customer sites, at least one of which is located outside of Singapore. They noted that IDA had concluded that the market was competitive and estimated their combined market share at less than 5%. They also argued that Telstra would be unable to leverage its SMP in Australia (to the extent it has any) to substantially lessen competition in the Singapore IMDS market. Accordingly, the Applicants argued that the Proposed Consolidation will not result in a significant lessening of competition in this market.

Local Managed Data Services ("LMDS")

55. The Applicants did not define the LMDS market, as it noted that Telstra does not provide LMDS to customers in Singapore and thus no competition concerns arise. In any case, they noted that LMDS services were not a "core" business for Pacnet.

International Internet Protocol ("IP") Transit

56. The Applicants stated that IDA had previously considered that this market consists of the provision of a service, for compensation, in which one operator terminates international Internet traffic on its network or transits the Internet traffic for termination on a third operator's network. They argued that neither of the Applicants were major providers in this market and that their revenues were "minuscule" in the context of the global IP Transit market.

International Private Leased Circuits ("IPLCs")

57. The Applicants noted that IDA had previously divided the IPLC markets into Terrestrial and Satellite. The Applicants noted that they did not overlap in the Satellite IPLC market as Pacnet did not have any satellite services in Singapore. In terms of the Terrestrial IPLC market, IDA had defined this as services provided over submarine cables which offer customers the exclusive use of a point-to-point, dedicated transparent transmission path for voice, data or video between a location in Singapore and a location outside of Singapore. IDA had also found the market to be competitive.
58. The Applicants estimated their combined share of the market at 10-15%. They also observed that IDA had noted that an operator in Singapore with SMP in another market may be able to impede competition on routes between

Singapore and that market. However, the Applicants noted that IDA had not detected anti-competitive conduct on such routes. They also noted that, in any case, Sub-section 8.3 of the Telecom Competition Code provided a remedy in the event that the merged entity seeks to benefit from any anti-competitive conduct by an affiliated entity.

PART V: IDA'S ASSESSMENT FRAMEWORK

59. The Telecom Competition Code provides that IDA will not approve a transaction where it determines that the transaction is likely to substantially lessen competition in any telecommunication market within Singapore or it is in the public interest to deny the Consolidation Application. IDA will find that a Consolidation substantially lessens competition where the Consolidation would be likely to: (a) result in a significant reduction in existing competition in any Singapore telecommunication market; or (b) significantly impede the development of future competition in any Singapore telecommunication market.
60. IDA may also approve the Consolidation Application, subject to conditions designed to reduce any anti-competitive harm or effect, or public interest concern. The Applicants may propose possible conditions for IDA's consideration that could reduce any potential adverse competitive impact of the Consolidation or public interest concern arising from the Consolidation.
61. Consolidations can generally be considered Horizontal or Non-horizontal. A Horizontal Consolidation refers to a Consolidation involving two or more entities that are current competing providers of the same Services or Services that are reasonable substitutes. Non-horizontal Consolidations are Consolidations that involve two or more entities that are not current competitors. Where a Consolidation has both Horizontal and Non-horizontal aspects, IDA will assess each aspect of the Consolidation under the appropriate standard.
62. IDA recognises that Horizontal Consolidations raise more serious competition concerns as they result in the elimination of direct competitors. This may result in the creation of a market participant with SMP. Such Consolidations may also result in a concentrated market in which the remaining participants are more easily able to undertake anti-competitive concerted actions, such as price-fixing. However, it is noted that Horizontal Consolidations that result in the Post Consolidation Entity having a market share of less than 15% in any Singapore telecommunication market are less likely to raise competitive concerns.¹¹
63. By contrast, Non-horizontal Consolidations generally do not raise significant competitive concerns.¹² Indeed, they often facilitate competition by creating a more efficient market participant. However, Non-horizontal Consolidations can have adverse competitive effects where at least one of the entities has SMP or participates in a concentrated market with few other competitors. The risk is that the Non-horizontal Consolidation may eliminate a potential competitor or limit the ability of non-affiliated competitors to access an

¹¹ Accordingly, for these Consolidations, a Short Form rather than Long Form Consolidation Application is required to be submitted by Applicants.

¹² Accordingly, unless the combined market share of the Post Consolidation Entity is greater than 25% in any Singapore telecommunication market, a Short Form rather than Long Form Consolidation Application is required to be submitted by Applicants.

“upstream” input or a “downstream” facility necessary to deliver services to end-users.

64. Another possibility is that a Non-horizontal Consolidation may restrict competition by enabling an entity with SMP in one market to distort competition in another market. For example, after a Non-horizontal Consolidation, an “upstream” entity that has SMP in the input market could charge above-cost prices in that telecommunication market and use the revenue to enable the “downstream” affiliate to sell services at below-cost prices.
65. In addition, IDA will consider whether the proposed Consolidation will result in significant efficiencies that could not have been achieved absent the Consolidation and which would likely be passed to customers. IDA will also take into account any other public interest considerations. IDA will also consider whether the anti-competitive effect may be ameliorated through the imposition of appropriate conditions of approval.

PART VI: IDA'S ASSESSMENT

Assessment of Whether the Proposed Consolidation is Horizontal or Non-horizontal

66. Based on the market definitions below and the scope of services that the Applicants are licensed to provide, IDA considers that the Proposed Consolidation has elements of both a Horizontal and Non-horizontal Consolidation. This is because while Telstra and Pacnet compete with each other in six market segments, there are two market segments where they do not compete with each other.
67. However, with respect to the Horizontal elements, i.e., where the Applicants overlap, IDA notes that, with two exceptions detailed below, the market share of the Post Consolidation Entity in each of these markets is not likely to cause any significant competitive concerns. Accordingly, the Proposed Consolidation is less likely to raise the significant competition concerns of a Horizontal Consolidation associated with the elimination of direct competitors and possible creation of a market participant with SMP. IDA's assessment is elaborated below.¹³
68. IDA also notes that Consolidations can have adverse competitive effects where at least one of the entities has SMP or participates in a concentrated market with few other competitors. In this case, IDA recognises that as the incumbent operator in Australia, Telstra may have a market share greater than 25% in a number of Australian telecommunication markets in which it operates. IDA's assessment of this is also discussed below.

Assessments of Markets Where the Post Consolidation Entity Will Have a Share That Could Potentially Cause Competitive Concerns

International Submarine Cable Capacity

69. The Applicants submitted that the Post Consolidation Entity's share in the supply of International Submarine Cable Capacity would be greater than 15%. If the Post Consolidation Entity was to hold SMP in the supply of International Submarine Cable Capacity, then it could potentially set prices independently of its competitors, to the detriment of consumers. Furthermore, given that submarine cable capacity is an input into many downstream markets (e.g., IPLC and IMDS), it is possible that SMP might be leveraged into such markets.
70. With regard to the definition of the market for the supply of International Submarine Cable Capacity, IDA notes the Applicants' argument that it is unnecessary to strictly define the relevant submarine cable capacity market because, regardless of how it is defined, the Proposed Consolidation will not

¹³ IDA approaches market definition and the related competition assessment on a case-by-case basis, based on the relevant facts and circumstances at the point of time of the assessment. Earlier market definitions determined by IDA will be used as reference, but may not always continue to be relevant or applicable.

have the effect of substantially lessening competition or causing public detriment. Despite this, IDA notes that the Applicants have divided the market regionally into the “Asia Pacific Cable Market”¹⁴ and the “Western Cable Market”¹⁵, measuring its combined market share on the basis of the Applicants’ lit capacity on those cables in which they have an interest.

71. IDA agrees that it is appropriate to consider International Submarine Capacity on a regional basis in this instance considering the cable systems the Applicants have an interest in and the manner in which most of the cable systems landing in Singapore are built, i.e., typically with multiple connecting countries along each cable system route in the above two regions. There may be some bilateral connectivities between Singapore and another country, which may warrant a formal route-by-route assessment, but these routes are not relevant to this assessment, including the Australia-Singapore route which IDA further discusses below. IDA has also adopted a similar approach in previous cases, such as in the Asia Netcom Change in Ownership Decision¹⁶, although nothing prevents IDA from also defining markets on a route-by-route basis, if IDA believes it is reasonable and necessary to do so.¹⁷
72. Based on the regional markets identified by the Applicants, IDA considers that the Post Consolidation Entity’s estimated share of supply of 0-5% of Western cable capacity is sufficiently low so as not to cause any competition concern. However, IDA notes that the Post Consolidation Entity’s estimated market share of the Asia Pacific cable capacity supply is more substantial, at 25-30% share of lit capacity. Despite this, IDA does not assess that the Proposed Consolidation is likely to result in a substantial lessening of competition for the following reasons.
73. Firstly, IDA notes that there are a significant number of players in the “Asia Pacific Cable Market” due to the increased number of submarine cables connected to Singapore in recent years. There are now around 17 submarine cables connecting Singapore and the rest of the world, and at least eight are connected eastwards to countries in the Asia Pacific region, of which, two major cables have been activated in the last five years (Asia Submarine-cable Express (“**ASE**”) and Southeast Asia-Japan Cable (“**SJC**”)). Some of the largest in terms of lit capacity so far include ASE, APCN-2 and SJC. Based on IDA’s estimates, the total lit capacity currently in the Asia Pacific market is around 17Tbps and IDA notes that more cables are in the process of being

¹⁴ That is, routes from Singapore to the Asia Pacific region including, but not limited to, Hong Kong, Japan, Taiwan, Indonesia and Australia.

¹⁵ That is, routes from Singapore to the west of Singapore including, but not limited to, India, Middle East and Europe.

¹⁶ Explanatory Memorandum on the Decision of the Info-communications Development Authority of Singapore in Relation to the Proposed Change in Ownership in Asia Netcom Singapore Pte Ltd, 5 September 2006, http://www.ida.gov.sg/~media/Files/Archive/Policies%20and%20Regulation/Policies_and_Regulation_Level3/ExpMemolDADecisionProposedChangeinOwnershipinANC.pdf.

¹⁷ IDA notes that in the FCC’s approval of the Global Crossing Limited and Level 3 Communications, Inc merger, it stated that it employed a regional approach in analysing the market for international transport capacity, although at times it stated it had also examined international transport capacity on particular routes, 26 September 2011 https://apps.fcc.gov/edocs_public/attachmatch/DA-11-1643A1.pdf.

landed in Singapore (see paragraph 75). This shows that there are low barriers from a competition perspective to prevent new submarine cable entry into the Singapore market, and, besides the Post Consolidation Entity, customers will continue to have a range of existing and potential alternative providers for purchasing cable capacity.

74. Secondly, the lack of industry response to the Consultation (or any other contact from the industry to IDA on this matter) is a good indication that the Proposed Consolidation does not raise significant competition concern in the industry, from either customers or competitors, about the Post Consolidation Entity increasing its share.
75. Thirdly, given the significant increase in planned submarine capacity, even if there was a competition concern today as a result of the Post Consolidation Entity's increased market share, this concern would diminish as the planned increased capacity comes on board over the next few years. There are two new submarine cables serving the Asia Pacific region which are in the process of landing (the Asia Pacific Gateway ("**APG**") with a design capacity of 55Tbps and the ASC). IDA also notes that the Applicants report another four in the planning stages (Asia-Africa-Europe 1 ("**AAE-1**") with a design capacity of 40Tbps according to the Applicants, Asia Pacific Express ("**APX**") West 32Gbps, and Trident 8.6Tbps). Based on the Applicants' estimate, this increase will reduce the Post Consolidation Entity's market share significantly to an estimated 5-10%. While IDA notes that plans for cables not yet in the process of landing may change, IDA considers the Post Consolidation Entity's share, based on the capacity that it currently owns, is unlikely to move in an upward direction going forward, owing to the number of new cables being brought into operation in the next few years.
76. Finally, while IDA believes that it is not necessary to define the market on a route-by-route basis, IDA has still considered the Australia-Singapore route for completeness. IDA notes that there is currently only one cable that directly connects Singapore and Australia, SMW3 (Seg3A), on which Telstra has more than a 50% share of lit capacity, although following an upgrade that is due to become operational in May 2015, Telstra's share of lit capacity in this cable will reduce to below 50%. Despite Telstra's larger market share of this direct Australia-Singapore route, IDA notes that the Proposed Consolidation will not change the current level of competition on the Australia-Singapore route as Pacnet does not own any capacity on this cable.¹⁸ Furthermore, the market share of the Post Consolidation Entity is unlikely to move in an upward direction going forward, and may further reduce, as planned cables between Australia and Singapore, such as ASC, become operational in the next few years. IDA also notes the numerous alternative indirect routes between Singapore and Australia.

¹⁸ IDA notes that Pacnet leases a small amount of capacity on this cable. However, leased capacity is not taken into account in the analysis of market shares above. Even if it were, there would only be small increase of the Post Consolidation Entity's share of capacity on this cable following the Proposed Consolidation.

77. Given the above, IDA concludes that the Proposed Consolidation is unlikely to result in the Post Consolidation Entity gaining SMP in the supply of International Submarine Cable Capacity. Consequently, IDA does not consider it would be able to leverage any market power into downstream markets, such as Backhaul, IPLC and IMDS.
78. Accordingly, IDA has concluded that the Proposed Consolidation is unlikely to substantially lessen competition in the supply of International Submarine Cable Capacity.

Existing Condition on Access to EAC and C2C Cable Capacity

79. Given IDA's assessment above in relation to the Post Consolidation Entity's market share of the two cable markets it participates in, IDA has also given consideration as to whether it should retain or remove the condition that was previously imposed on the relevant Pacnet entities (i.e., that Pacnet is to allow access to its EAC and C2C cables as described in paragraph 46), which would continue to apply to the Post Consolidation Entity. IDA considers that it is appropriate to remove this condition for the reasons set out below.
80. Firstly, the condition imposed by IDA then was designed to mitigate competition concerns "until new cable systems come on board". This has occurred with the addition of a number of new cable systems landing in Singapore since the condition was imposed in 2006, such as the AAG, ASE and SJC.
81. Secondly, given IDA's finding that the Proposed Consolidation is unlikely to result in a substantial lessening of competition in the supply of International Submarine Cable Capacity, IDA has not identified a need to set any condition on its approval of the Proposed Consolidation in relation to International Submarine Cable Capacity (or indeed impose any other conditions, as discussed below). Accordingly, IDA does not consider it necessary to retain the existing conditions that would otherwise continue to apply to the Post Consolidation Entity.
82. Thirdly, as noted above, the industry has not raised any competition concerns about supply of International Submarine Cable Capacity, at least with respect to the Post Consolidation Entity's role in this market segment. Therefore, it is IDA's assessment that the existing conditions are not necessary to support industry participation in the supply of international cable capacity, and can be removed.

Backhaul

83. In the International Capacity Services ("**ICS**") Exemption Decision issued by IDA on 12 April 2005, IDA had defined the Backhaul market as services that enable a Licensee that has capacity on an ICS system to transport that capacity from a cable landing station in Singapore to the Licensee's

international gateway or PoP in Singapore.¹⁹ It specifically included self-supply in its definition. In the Business and Government Services Exemption Decision issued by IDA on 2 June 2009, IDA found the market to be effectively competitive.²⁰

84. IDA observes that the Applicants assessed the competitive effect of the Proposed Consolidation in this market on the basis of the backhaul services that they sell to other service providers, and not including those they provide to themselves to support their own international capacity services, i.e., “self-supply”. However, consistent with IDA’s previous definition of the Backhaul market, self-supply should be included when assessing the market.
85. In terms of calculating the Post Consolidation Entity’s share of the Backhaul market including self-supply, IDA notes that while the Applicants provided each party’s total backhaul capacity (which includes self-supply), they did not provide an estimate of total backhaul capacity in the market, which would enable an estimate to be calculated of their individual market shares.
86. However, IDA observes that each party’s total backhaul capacity broadly matches their international submarine cable capacity coming into Singapore that is periodically reported to IDA. This is consistent with the fact that international submarine cable capacity will ultimately be backhauled to customers in Singapore.
87. IDA has therefore used the Post Consolidation Entity’s share of total International Submarine Cable Capacity as a proxy for its share of the Backhaul market. Based on data provided by the Applicants and IDA’s own data, IDA estimates the Post Consolidation Entity’s share of International Submarine Cable Capacity at no more than 20-30%, which provides IDA with a “proxy” estimate for the Post Consolidation Entity’s share of the Backhaul market.
88. While IDA’s proxy estimate of the Post Consolidation Entity’s share of the Backhaul market is in the order of 20-30%, IDA does not assess that the Proposed Consolidation is likely to result in a substantial lessening of competition in the Backhaul market for the reasons set out below.
89. IDA notes its previous finding (in the Business and Government Services Exemption Decision) that the market was competitive was due to lower

¹⁹ Paragraph 49, Explanatory Memorandum to the Decision of the Info-communications Development Authority of Singapore on the Request by Singtel for Exemption from Dominant Licensee Obligations with Respect to the “International Capacity Services” Market, 12 April 2005, http://www.ida.gov.sg/~media/Files/Archive/Policies%20and%20Regulation/Policies_and_Regulation_Level3/Singtel_Request_Exemption/IDAICSExemptionFinalDecisionfinal.pdf.

²⁰ Paragraph 5, Explanatory Memorandum Issued by the Info-Communications Development Authority of Singapore on the Final Decision on the Request by Singapore Telecommunications Limited for Exemption from Dominant Licensee Obligations with Respect to the Business and Government Customer Segment and Individual Markets, 2 June 2009, http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20071116_STGovCustSegIndMkt/BGTS_FinalDecEM.pdf.

barriers to entry, evidence of prices changes due to competition and evidence of customer switching. IDA observes that today there remains a number of players in the Backhaul market in Singapore (including Singtel, StarHub and BlueTel Networks Pte Ltd) which provide customers with a range of potential alternatives to the Post Consolidation Entity for purchasing backhaul (noting that in any case the Applicants largely limit their own backhaul services to self-supply). Accordingly, IDA does not have evidence that its previous finding of competitiveness in the Backhaul market has changed.

90. Furthermore, the industry did not raise any competition concern, from either customers or competitors, about the Post Consolidation Entity's position in the Backhaul market nor about the competitiveness of the Backhaul market in general.

Assessments of the Markets Where the Post Consolidation Entity Will Have a Share Less Likely to Raise Competitive Concerns

91. In the markets set out in this section, IDA has not identified any competition concern as a result of the Proposed Consolidation, because the Applicants do not overlap, and/or the combined market share of the Post Consolidation Entity would be less likely to raise competitive concerns.

Wholesale ITS

92. In the ITS Exemption Decision of 12 November 2003, IDA defined the wholesale ITS market to consist of "minutes" of capacity sold to other Licensees to enable them to carry voice telephone calls between Singapore and any location outside of Singapore.²¹ It also found the market to be effectively competitive.²²
93. Based on the fact that (a) Pacnet does not participate in this market; (b) Telstra has a small presence in it; and (c) given the market is effectively competitive, IDA has concluded that the Proposed Consolidation would be unlikely to result in the substantial lessening of competition in this market.

Internet Access

94. IDA has yet to define market(s) for Internet access in a definite way, and does not consider it necessary to do so for the purpose of its consideration of the Proposed Consolidation, owing to both the limited overlap of the Applicants in the various types of Internet access services and generally low market share of the Post Consolidation Entity.

²¹ Paragraph 19(c), Explanatory Memorandum Issued by the Info-communications Development Authority of Singapore on the Request of Singapore Telecommunications Ltd for Exemption from Dominant Licensee Obligations with Respect to the International Telephone Services Market, 12 November 2003, http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20060920_Singtel_Exemption/IDA_Decision_-_SingTel_Exemption_Request_for_the_ITS_Market.pdf.

²² Paragraph 2, *ibid*.

95. IDA notes that the Applicants only offer services together in one type of Internet access, namely leased line Internet access, for which they estimated the share of the Post Consolidation entity would be 0-5%. IDA considers that with such a small share, the Proposed Consolidation would be unlikely to result in the substantial lessening of competition in the provision of leased line Internet access services.
96. Furthermore, IDA notes that as only Pacnet offers (a) wholesale corporate Internet access; (b) retail corporate Internet access; and (c) retail dial-up Internet access, it is not possible for the Proposed Consolidation to lessen competition in any of these service segments. In any case, IDA notes that the Applicants estimate of Pacnet's share of (a) wholesale corporate Internet access is less than 5%, (b) retail corporate Internet access is less than 10% and (c) retail dial-up Internet access is less than 5%, and that this will not change as a result of the Proposed Consolidation. In any event IDA notes that the Internet dial-up market is in significant decline due to the migration of end users to broadband Internet access. Accordingly, IDA has concluded that the Proposed Consolidation would be unlikely to result in the substantial lessening of competition in the provision of these types of Internet access.

IMDS

97. IDA has previously defined the IMDS market as consisting of "packet-based services – such as ATM, Frame Relay, and IP-VPN – that provide managed connectivity among multiple customer sites, at least one of which is located outside of Singapore".²³ It has also found that competition in the IMDS market had developed to the extent that IDA found the imposition of *ex ante* Dominant Licensee obligations on Singtel to no longer be necessary.²⁴
98. The Applicants provided an estimate that the market share of the Post Consolidation Entity would be less than 5%. While IDA notes that this estimate is based on a total market revenue figure that includes "dedicated leased lines", i.e., Terrestrial IPLCs, which do not form part of its market definition, IDA considers that the market share of the Post Consolidation Entity is still likely to remain small even if Terrestrial IPLCs are excluded from the estimates. IDA notes that it has previously found the Terrestrial IPLC market to be competitive, and considers that Proposed Consolidation is unlikely to result in a lessening of competition in the Terrestrial IPLC market, as discussed from paragraph 104 below.

²³ Paragraph 61, Explanatory Memorandum to the Decision of the Info-communications Authority of Singapore on the Request by Singtel for Exemption from Dominant Licensee Obligations with respect to the "International Capacity Services" Market, 12 April 2005, http://www.ida.gov.sg/~media/Files/Archive/Policies%20and%20Regulation/Policies_and_Regulation_Level3/Singtel_Request_Exemption/IDAICSExemptionFinalDecisionfinal.pdf.

²⁴ Paragraph 5, *ibid.* IDA found that Singtel retained the potential to leverage on its dominance in the Local Leased Circuit market to distort competition in the downstream IMDS market, and it found that the retention of *ex post* rules prohibiting abuse of dominant position remained appropriate. Further, IDA does not have any evidence that competition in the IMDS market has diminished since this decision.

99. Therefore, based on the Post Consolidation Entity's small market share, and given current level of competition in the market, IDA has concluded that the Proposed Consolidation would be unlikely to result in the substantial lessening of competition in this market.

LMDS

100. IDA has previously defined the LMDS market as consisting of packet-based services – such as Local Frame Relay, Local ATM, Local IP-VPN and Local Metro-Ethernet – that provide managed connectivity among multiple customer sites, all of which are located within Singapore.²⁵ IDA considers Singtel is still dominant in this market.
101. The Applicants stated that while Pacnet provides LMDS, it is not a core business. Taking into consideration Pacnet's limited presence and that Telstra does not provide LMDS in Singapore (i.e., there is no overlap) the Proposed Consolidation will not alter or impact competition in this market.

International IP Transit

102. IDA has previously defined the International IP Transit market as the provision of a service, for compensation, in which one operator terminates international Internet traffic on its network or transits the Internet traffic for termination on a third operator's network.²⁶ It has previously concluded that the market is competitive with many players offering competitively priced IP Transit services.
103. Given that neither Pacnet nor Telstra have large customer bases for International IP Transit services, IDA has no reason to doubt that the Applicants' submission that its combined share of the IP Transit market is less than 5%. Accordingly, IDA considers that the Proposed Consolidation would be unlikely to result in the lessening of competition in this market.

Terrestrial IPLC

104. IDA has previously defined the Terrestrial IPLC market as consisting of services, provided over submarine cables, which offer customers the exclusive use of a point-to-point, dedicated transparent transmission path for voice, data or video between a location in Singapore and a location outside of

²⁵ Paragraph 129, Explanatory Memorandum Issued by the Info-Communications Development Authority of Singapore on the Final Decision on the Request by Singapore Telecommunications Limited for Exemption from Dominant Licensee Obligations with Respect to the Business and Government Customer Segment and Individual Markets, 2 June 2009, http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20071116_STGovCustSegIndMkt/BGTS_FinalDecEM.pdf.

²⁶ Paragraph 64, Explanatory Memorandum to the Decision of the Info-communications Development Authority of Singapore on the Request by Singtel for Exemption from Dominant Licensee Obligations with Respect to the "International Capacity Services" Market, 12 April 2005, http://www.ida.gov.sg/~media/Files/Archive/Policies%20and%20Regulation/Policies_and_Regulation_Level3/Singtel_Request_Exemption/IDAICSExemptionFinalDecisionfinal.pdf.

Singapore.²⁷ It also concluded that the market is competitive.²⁸ IDA had also indicated that a competitive Backhaul market facilitates competition in the IPLC market, which indicates low barriers to entry.

105. IDA notes the Applicants' estimate of the market share of the Post Consolidation Entity of 10-15% based on capacity. Given the relatively low share, the competitiveness of the market and the lower barriers to entry, the Proposed Consolidation is unlikely to result in a lessening of competition in this market.
106. While IDA has considered the Terrestrial IPLC market as consisting of relevant services between Singapore and any location outside of Singapore, as discussed above, even if IDA was to consider only those Terrestrial IPLCs that connect Singapore and Australia, the Proposed Consolidation should not cause a significant competition concern. This follows IDA's conclusions in paragraph 76 that competition on the submarine cable route between Singapore and Australia, an important input into relevant Terrestrial IPLCs, will not change as a result of the Proposed Consolidation (as Pacnet does not own any capacity on this route), and because in any case, Telstra's current share of this submarine cable route is likely to reduce in the near future.

Assessment of the Ability of Telstra to Leverage any SMP in Singapore Telecommunication Markets

107. IDA recognises that as the incumbent telecommunication operator in Australia, Telstra may have SMP in certain Australian telecommunication markets. IDA has therefore considered whether it may be able to leverage any such SMP in order to distort competition in the Singapore telecommunication markets, particularly those services requiring international connectivity to Australia and domestic connectivity in Australia, such as IMDS.
108. IDA notes the argument from the Applicants that as IMDS is typically sold on a network basis, e.g., covering all of an MNC's overseas locations, the ability of the Post Consolidation Entity to exercise any SMP it may have in one of these locations (i.e., Australia in this case) will be limited. IDA considers that its ability to exercise any SMP would be greatest with respect to MNCs with operations limited primarily to Singapore and Australia.
109. However, the number of such MNCs is likely to be small, and given IDA's above conclusions on the limited effect of the Proposed Consolidation even if it was to consider specific Australia-Singapore submarine capacity and IPLC markets, Telstra's ability to leverage any SMP in Australia would be limited.

²⁷ Paragraph 53, *ibid.*

²⁸ Paragraph 5, Explanatory Memorandum to the Decision on the Request by Singapore Telecommunications Limited for Exemption from Dominant Licensee Obligations with respect to the Business and Government Customer Segment and Individual Markets, 2 June 2009, http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20071116_STGovCustSegIndMkt/BGTS_FinalDecEM.pdf.

110. More generally, IDA notes that the industry has not expressed concern about Telstra's ability to leverage any SMP in Australia to affect competition in any Singapore telecommunication market following the Proposed Consolidation. Furthermore, IDA has not received any feedback or concern about Telstra Singapore leveraging any SMP of Telstra in Australia to affect competition in Singapore telecommunication markets, based on its existing operations in Singapore. In any event, IDA notes that such behaviour is specifically prohibited under Section 8.3 of the Telecom Competition Code.

PART VII: IDA'S DECISION

111. Based on the evidence and assessment above, IDA concludes that the Proposed Consolidation is not likely to substantially lessen competition in any Singapore telecommunication market and there are no public interest concerns to deny the Consolidation Application. IDA hereby approves the Consolidation Application, with no conditions.