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Public Consultation on MyCC's Market Review Report on the Food Sector

On 3 June 2019, MyCC issued a draft report on a market review of the food sector in Malaysia pursuant to the Competition Act 2010. The draft report is open for feedback from stakeholders and the public. The online public consultation is open for the duration of 30 days between 3 June 2019 and 3 July 2019.

The market review focuses on four sectors — beef, fish, infant formula and vegetables. Among other things, MyCC identified the structure of the various supply chains within the respective markets and pointed out key anti-competitive concerns.

Some of the more enlightening findings of the market review are as follows:

Beef

- Local supply and prices are influenced by dominant players and there is a possibility of exclusive agreements existing in the market.
- Importers have imposed tying policies on the cuts of meat that are imported and sold.
- Key importers may have potentially abused their dominant position through the imposition of predatory pricing.
- Importers may have received preferential treatment from, or have exclusive agreements with, exporters in view of the long-term relationships between them.

Fish

- Multiple intermediaries are involved in the marketing of fishes, resulting in repeated price increases at each level of the supply chain before it reaches the consumer's hand.
- Middlemen can create an artificial scarcity which leads to increases in price.

- The lack of transparency in price determination creates opportunity for profiteering.

Infant formula

- The dominance of certain MNCs gives them some influencing power in the determination of the prices of infant formula, especially premium brands. Some manufacturers may exploit the situation by increasing the prices unreasonably in order to increase profit margins.
- There is a possibility of exclusive agreements between physicians or healthcare providers and manufacturers.

Vegetables

- To retain market share, existing players might abuse their dominant position by reducing prices of vegetables at the local market to force out competition and restrict new entries using such control as they may have over the supply, pricing and the approved quota allocated to them in the market.
- The dominance of the Central Wholesale Market may give rise to a geographical monopoly which, given the price asymmetry along the supply chain, allows them to influence the market price.
- There is potential collusion on price fixing due to the close relationships between market players.

Submissions to the Commission

Any parties who think that they are affected or implicated in the report should submit their views to MyCC in response to the draft report on market review. Any uncorrected assertions might form the basis of MyCC's competition enforcement actions in these markets.

All submissions should be made before 3 July 2019 or during the public consultation for industry players on 20 June 2019 to enable MyCC to be apprised of all relevant matters.

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