



MEDIA RELEASE

8 March 2016

CCS Issues Proposed Infringement Decision against 13 Fresh Chicken Distributors for Price Fixing and Market Sharing

The Competition Commission of Singapore (“CCS”) has today issued a Proposed Infringement Decision (“PID”)¹ against 13 fresh chicken² distributors (“the Parties”)³ for engaging in anti-competitive agreements⁴ to coordinate the amount and timing of price increases, and agreeing not to compete for each other’s customers in the market for the supply of fresh chicken products in Singapore.

The fresh chicken industry

2. In Singapore, the fresh chicken industry can be broadly divided into two segments, namely slaughtering and distribution. Fresh chicken distributors import live chickens from farms in Malaysia and slaughter them in Singapore. Thereafter, the distributors sell the fresh chicken products to customers such as restaurants, supermarkets, hotels, wet market stalls and hawker stalls. These products include whole fresh chickens, chicken parts⁵ and processed chickens⁶.

3. In 2014 alone, approximately 46 million live chickens were slaughtered and distributed in Singapore.⁷ The total turnover of the Parties, who collectively supply more than 90% of the fresh chicken products in Singapore, amounts to approximately half a billion dollars annually.

¹ The PID sets out the facts on which CCS makes its assessment and its reasons for arriving at the proposed decision.

² “Fresh chicken” refers to chickens that are slaughtered in Singapore, as opposed to frozen chickens imported into Singapore.

³ The Parties are listed in **The Appendix**.

⁴ Agreements, decisions and concerted practices which prevent, restrict or distort competition are prohibited under section 34 of the Competition Act. Market sharing refers to competitors agreeing to divide turfs by not competing for one another’s customers. Price-fixing involves competitors agreeing to fix, control or maintain the prices of goods or services.

⁵ “Chicken parts” refer to fresh chicken products that are distributed in parts e.g. drumsticks, wings, livers etc.

⁶ “Processed chickens” refer to fresh chicken products that have been processed which may include marinating etc.

⁷ Year Book of Statistics Singapore 2015, Department of Statistics, Ministry of Trade & Industry, Republic of Singapore at section 12.2.

CCS's investigations

4. CCS commenced its investigation into the fresh chicken distribution industry after it received a complaint on the alleged anti-competitive conduct. Upon completion of the investigation, CCS provisionally finds that the Parties who are in the business of trading in or distributing fresh chicken products had engaged in discussions, from at least 2007 to 2014, on prices and also expressly coordinated the price increases of fresh chicken products sold in Singapore ("Price Increases"). During these meetings, the Parties had also agreed to not compete for each other's customers ("Non-Aggression Pact").

5. Both the Non-Aggression Pact and the Price Increases were aimed at distorting the prices of fresh chicken products in Singapore. By agreeing not to compete for each other's customers, the Parties restricted the choices available to customers. The coordinated price increases further reduced customer choice as it provided few options for customers to switch distributors. The Non-Aggression Pact and Price Increases therefore, complemented each other in creating a less competitive landscape.

6. Under the Competition Act, business entities should not enter into any agreement or arrangement that prevents, restricts or distorts competition. They should, instead, independently determine their responses to competition.

7. The Parties have six weeks from the receipt of the PID to make their representations to CCS. CCS will then make its final decision, after careful consideration of the representations, as well as all available information and evidence.

- End -

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.

For media clarification, please contact

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Appendix - List of Parties:

1. Gold Chic Poultry Supply Pte. Ltd.;
2. Hua Kun Food Industry Pte. Ltd.;
3. Hock Chuan Heng Farm and its sole-proprietor, Hy-fresh Industries (S) Pte. Ltd.;
4. Kee Song Brothers Poultry Industries Pte. Ltd.;
5. Lee Say Poultry Industrial and its sole-proprietor, Lee Say Group Pte. Ltd.;
6. Hup Heng Poultry Industries Pte. Ltd.;
7. KSB Distribution Pte. Ltd.;
8. Prestige Fortune (S) Pte. Ltd.;
9. Ng Ai Muslim Poultry Industries Pte. Ltd.;
10. Sinmah Poultry Processing (S) Pte. Ltd.;
11. Toh Thye San Farm;
12. Tong Huat Poultry Processing Factory Pte. Ltd.; and
13. Ban Hong Poultry Pte. Ltd.