



MEDIA RELEASE

21 December 2017

CCS Issues Supplementary Proposed Infringement Decision Against 13 Fresh Chicken Distributors in View of Fresh Evidence

The Competition Commission of Singapore (“CCS”) has today issued a Supplementary Proposed Infringement Decision (“SPID”)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 SPID is issued following further investigations conducted, in view of new evidence after the Proposed Infringement Decision (“PID”) was issued against the Parties on [8 March 2016](#).

CCS’s investigations

2. In March 2014, CCS commenced its investigation into the fresh chicken distribution industry after it received a complaint on the alleged anti-competitive conduct. On 8 March 2016, CCS provisionally found 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 certain fresh chicken products⁵ sold in Singapore (“Price Increases”). During these meetings, the Parties had also agreed to not compete for each other’s customers (“Non-Aggression Pact”).

3. Both the Non-Aggression Pact and the Price Increases were aimed at distorting the prices of certain fresh chicken products in Singapore. By agreeing not to compete

¹ The SPID sets out the facts and evidence 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 1.

⁴ Agreements, decisions and concerted practices which prevent, restrict or distort competition are prohibited under section 34 of the Competition Act. Examples of anti-competitive agreements include market sharing and price fixing agreements. Market sharing refers to competitors agreeing to divide/allocate the market 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 These products include whole fresh chickens, whether cut or not, but excluding black chickens, kampong chickens, speciality chickens of the Parties, marinated or cooked chickens and chicken parts.

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 simultaneously created a less competitive landscape. As such, the implementation of the agreed price increases impacted a significantly large number of distributors and customers including supermarkets, restaurants, hotels, wet market stalls and hawker stalls, and ultimately consumers of these chicken products.

4. Following the issuance of the PID against the Parties on 8 March 2016, new evidence involving allegations of fact and admissions were brought to the attention of CCS during the course of the Parties' written and oral representations to the PID. As a consequence, CCS formally notified the Parties on 27 September 2016 that further investigations would be conducted. Subsequently, CCS received applications by the Parties for lenient treatment under CCS's Leniency Programme⁶. The purpose of the SPID allows the Parties to address the new evidence that has arisen since the issuance of the PID. The Parties have six weeks to make their representations to CCS in relation to the SPID. CCS will then make its final decision, after careful consideration of the representations, as well as all available information and evidence.

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

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⁶ Please refer to Appendix 2 for more information on CCS's leniency programme.

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.

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Appendix 1 – List of Parties:

1. Gold Chic Poultry Supply Pte. Ltd.;
2. Hua Kun Food Industry Pte. Ltd.;
3. Hy-fresh Industries (S) Pte. Ltd.;
4. Kee Song Food Corporation (S) Pte. Ltd. (formerly 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. and its holding company, ES Food International 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.

Appendix 2 – CCS’s Leniency Programme

CCS’s leniency programme affords lenient treatment to businesses that are part of a cartel agreement or concerted practice (or trade associations that participate in or facilitate cartels), when they come forward to CCS with information on their cartel activities.

Due to the secret nature of cartels, businesses participating or which have participated in them are given an incentive to come forward and inform CCS of the cartel’s activities. The policy of granting lenient treatment to these businesses which co-operate with CCS outweighs the policy objectives of imposing financial penalties on such cartel participants.⁷

Where eligible for lenient treatment, businesses can be granted total immunity or be granted a reduction of up to either 100% or 50% in the level of financial penalties, where applicable. For more information, please refer to the CCS Guidelines on Lenient Treatment for Undertakings Coming Forward with Information on Cartel Activity 2016 which can be found on CCS’s website [here](#).

⁷ Due to the secret nature of cartels, an incentive for cartel participants to come forward to inform CCS of the cartel’s activities can be a more effective enforcement tool than simply imposing financial penalties.