

NEWS RELEASE

THE FOCUS OF MyCC'S INVESTIGATION INTO THE CHICKEN INDUSTRY

KUALA LUMPUR, 29 APRIL 2022 – The Malaysia Competition Commission (MyCC) views recent statements reported by various media channels on the investigation into the chicken industry with concern. There appears to be inaccurate and confusing information that are exacerbated by speculations.

As announced in several press releases issued by MyCC between February and April of this year, MyCC would like to reiterate that its investigation is ongoing and it now focuses only on a group of players in the chicken industry whose conduct may raise certain competition concerns in relation to Section 4 of the Competition Act 2010. The notion that MyCC is also investigating certain political figures is a mere speculation at its best.

It is apparent that there is a confusion amongst the public on the definition of 'cartel' under the Competition Act 2010. A cartel is formed through a secret agreement between competitors in the same market. In that regard, there should be at least two competitors, agreeing to collude with each other not to compete, in the relevant market before any cartel can be formed. Usually, this group of competitors have agreed either, amongst others, to fix the prices of their products or divide their markets or limit their production.

It is to be further noted that a cartel is not a monopoly and vice versa. A monopoly represents one enterprise having total control of a market of a product or service. If there are more than one player in a market, one or more can be in such dominant position if it holds more or less 60% of market share. Therefore, attempts to equate cartel and monopoly as similar concepts are misleading.

At this point, it is also worth highlighting the concept of integrator, a term that is often inaccurately associated with cartel. An integrator is a player who is involved in the upstream, midstream and downstream market of an industry – from manufacturing and production to distribution to retail. More often than not, there are a few integrators in an

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industry but that does not mean they are monopolies or dominant. In fact, the concept of integrator is common in the business market. There are many companies in Malaysia who opt for this concept in the course of their business due to cost efficiency reasons, which benefit consumers at the end of the day.

“We hope that both the public and members of the media understand the complexity of our investigation which involves many players in an extensive supply chain with multiple sub-sectors. Careful and detailed investigation is required and may take time. At the same time, we would like to reiterate that the investigations are going smoothly. We have also received strong cooperation from certain parties. We encourage parties involved in cartel-like practices in the chicken industry to come forward to us and consider applying for leniency under Section 41 of the Competition Act 2010 before they are being investigated”, said Iskandar Ismail, Chief Executive Officer of MyCC.

It is hoped that speculations by all parties will cease in order to avoid disruption to our investigation and further confusion amongst the public. The integrity of our investigation must be intact and as seen in our track record in handling cartel cases, such as the Langkawi Ro-Ro case, the Warehouse case, PIAM and its 22 members amongst others - we will not leave any stone unturned. When all the necessary evidence has been gathered, we will pursue the matter till the end. Stern action will be taken without hesitation and the maximum financial penalty up to 10% of worldwide turnover will be imposed including the imposition of certain directions that MyCC deems appropriate.

Enterprises, relevant stakeholders and members of the public are encouraged to come forward in assisting MyCC with its investigations. Interested parties are advised to contact MyCC by telephone at 03-2273 2277 (IED) or email at complaints@mycc.gov.my.

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About the Malaysia Competition Commission (MyCC)

Established in June 2011, MyCC is an independent body responsible for enforcing the Competition Act 2010, which was implemented to create healthy competition which would, in turn, stimulate productivity and innovation, thus creating wider choices of products for consumers with better quality and reasonable prices.

The Act applies to all commercial activities undertaken within and outside of Malaysia that affect competition in the Malaysian market. It provides a regulatory framework including powers to investigate, adjudicate and impose penalties on the perpetrators of the competition laws.

MyCC celebrated its 10th year anniversary on 1 April 2021 and announced the launch of its rebranding and redesigned logo to elevate its corporate identity. The Logo embodies the culture and colours of the organization as well as its strengths and work values. The symbol of the butterfly is globally known to represent endurance, change, hope and life. This new look also shows simplicity at its finest, signifying the changes and maturity of MyCC itself.

For more information on the Act and MyCC activities, log on to www.mycc.gov.my