



NEWS RELEASE

MyCC LOOKING INTO ALLEGED CARTEL BEHAVIOUR

KUALA LUMPUR, 02nd January 2014 – The Malaysia Competition Commission (MyCC) has begun preliminary enquiries regarding the alleged cartel-like price increases of ice and also stationery supplies.

The move follows the recent announcement via advertisement placed in the local papers on 24th December by several ice manufacturers of their decision to increase the prices of edible tube ice supplies by 50 sen per bag and RM2.50 per block of ice beginning January 2014. The Federation of Stationers and Booksellers Association of Malaysia also announced the increase in stationery prices following the association president's announcement published on 27th December of increasing stationery prices by the first quarter of 2014.

This also follows through the directive of the Minister of Domestic Trade, Co-operatives and Consumerism who urged the MyCC to look into any possible cartel behavior by The Federation of Stationers and Booksellers Association of Malaysia.

“Price hikes by themselves are not anti-competitive in nature but if the price hikes were a result of collusion through price fixing agreements by any associations or any groups of sellers, suppliers or manufacturers, those are considered a contravention of Section 4 of the Competition Act 2010,” said MyCC Chief Executive Officer, Shila Dorai Raj. She also added that while stern messages have been given to associations over the past few months to stop colluding and fixing prices, yet rampant behavior of associations recently has given the MyCC no choice but to take measures to stop such behavior. If enterprises by themselves want to increase prices due to several cost push factors they should do so

independently. Associations or groups colluding to decide on price increases are conducting serious infringements of the law. Maximum penalties of up to 10% of turnover can be imposed if found infringing the act.

While the MyCC has no role in policing price hikes, if the price hikes were in contravention of Section 4 of the Competition Act 2010, it is under the Commission's purview to act upon the infringement.

Section 4 of the Competition Act 2010 prohibits enterprises, including associations, from fixing, directly or indirectly a purchase or selling price or any other trading conditions for goods and services.

Any members of the public who have information concerning conduct by associations and business enterprises who are or have engaged in price fixing or cartel-like behavior should contact the MyCC at +603-2273 2277 or via email at complaints@mycc.gov.my.

For more information on the MyCC and the Competition Act 2010, log on to www.mycc.gov.my.

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EDITOR'S NOTES:

1. The details on Section 4 (1) and (2) of the Competition Act 2010: Prohibited *horizontal and vertical agreement is as follows:
 4. (1) A horizontal or vertical agreement between enterprises is prohibited insofar as the agreement has the object or effect of significantly preventing, restricting or distorting competition in any market for goods or services.
 - (2) Without prejudice to the generality of subsection (1), a horizontal agreement between enterprises which has the object to—
 - (a) fix, directly or indirectly, a purchase or selling price or any other trading conditions;



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- (b) share market or sources of supply;
 - (c) limit or control—
 - (i) production;
 - (ii) market outlets or market access;
 - (iii) technical or technological development; or
 - (iv) investment; or
 - (d) perform an act of bid rigging, is deemed to have the object of significantly preventing, restricting, or distorting competition in any market for goods or services.

* “horizontal agreement” = agreement between enterprises each of which operates at the same level in the production or distribution chain;
“vertical agreement” = agreement between enterprises each of which operates at a different level in the production or distribution chain.

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About 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 Malaysia that affects 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.

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