

Pakistan tells Nestlé to answer abuse of dominance allegations

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Miriam Kenner

Global food giant Nestlé unreasonably raised prices of infant and baby food products over two years, Pakistan's competition authority said in a statement yesterday.



Nestlé Lactogen powdered milk

The Competition Commission of Pakistan said Thursday that it sent the local unit of the world's biggest food company a statement of objections for allegedly hiking Lactogen and Cerelac prices without justification.

The regulator said that its enforcement action is particularly significant as both are products used for infants and that "parents are significantly affected by price fluctuations".

The “show-cause notice”, which is equivalent to a statement of objections, asks Nestlé to respond in writing to the allegations within 14 days and informs the company of an upcoming hearing on 18 June.

The move follows a commission investigation of Nestle, which began in March. It suspects the Swiss company abused its dominance in two relevant domestic markets: Pakistan-produced infant formula and follow-on milk, and packaged cereal-based baby products.

The inquiry, which has now concluded, found Nestlé raised Lactogen and Cerelac prices by 38 per cent and 32 per cent respectively over two years, far beyond raw ingredient costs and without justifiable business reasons to do so.

The enforcer found that by unreasonably raising its product prices, Nestlé has “prima facie abused its dominant position in the market”.

The average monthly household income in Pakistan is 11,550 rupees (€102), and the price of a 400gm pack of Lactogen has risen from 315 rupees (€2.8) to 435 rupees (€3.9) over two years at regular intervals.

An authority spokesperson said the average infant consumes at least two such packs per week, so the effect of the increase is magnified.

A show-cause notice marks the start of commission proceedings, and if satisfied that a competition breach has occurred, the commission can issue remedial orders and impose penalties.

But the commission must offer Nestlé the chance to defend itself in writing and at a hearing before any remedial orders or penalties can be imposed, a spokesperson said.

The process typically takes several months to complete but its duration is unlimited by law. Written submissions and hearings

generally continue until a company has had sufficient time to present its defence.

The commission spokesperson told *GCR* the case is of “particular significance” because of the “vulnerability of the consumers, infants and their parents, involved”.

“Lactogen is the only domestically produced infant formula milk and the most relevant to consumers in low income groups,” the official said.

The commission also told *GCR* that it has evidence to suggest mothers may be reducing the prescribed serving per feed for their infants to cut costs.

Nestlé Pakistan declined to comment, but confirmed it is aware of the allegations and a hearing date.

Raising prices of baby food products

CCP issues show-cause notice to company

RECORDER REPORT

ISLAMABAD: After a detailed inquiry into a major case of abuse of dominance by a business firm, the Competition Commission of Pakistan (CCP) has issued show cause notice to a world's leading food company, for unreasonably raising the prices of most common baby food products in Pakistan.

Abuse of dominance is a violation under Section 3 of the Competition Act, 2010, and the CCP's charge, if proven against the company, could cost the company heavily as under the Competition Law of Pakistan, a company abusing its dominant position can be fined up to Rs 75 million or 10 percent of the company's annual turnover.

According to the CCP sources, the matter is of particular significance due to the vulnerability of the consumers (infant & their parents) involved. The company is the dominant player and Lactogen is the only domestically produced infant formula milk, which is the most relevant to consumers belonging to the low income groups.

The price increase has had a significant impact on the pocket

of parents. The average monthly household income in Pakistan is Rs11,550 and the price of a Lactogen (400gm pack) has increased from Rs 315 to Rs 435 (over two years at regular intervals).

The average infant consumes at least two such packs per week and so the effect of the increase is magnified. There is also evidence that some mothers may be inclined towards reducing the prescribed serving per feed for the infants, with the mindset to curb expenditure. Since it is the sole source of nutrition for a vulnerable population i.e infant, any reduction in adequate feed would lead to undernourishment.

Sources further said that the CCP's investigation has already been completed which was marked by the submission of the report by the enquiry officers to the Commission. In the present case, the enquiry report concludes there is sufficient prima facie evidence that indicates abuse of dominance by the company in the two identified markets relating to infant and toddler nutrition. Through the show cause notice, the company has been asked to respond in writing, within fourteen days and to avail

an opportunity of being heard on 18 June 2015.

The show cause notice follows an enquiry by the CCP into allegations regarding an unreasonable increase in the prices of these two products by company over a period of two years. The enquiry report identified two relevant markets; one for domestically produced infant formula & follow-on milk; and the other for domestically-produced packaged cereal-based baby products. The company is a dominant undertaking in both markets on basis of its said two products, respectively.

The enquiry report found that the company increased the prices of Lactogen and Cerelac by 38% and 32%, respectively over two years, which did not correspond to the increase in costs nor was based on any justifiable business reasons. The report concluded that by unreasonably raising the prices of its products, company has, prima facie, abused its dominant position in the market thus violating the Competition Law.

The CCP is mandated by the Competition Act to, inter alia, protect consumers from anti-competitive behavior.

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CCP issues show-cause notice to food firm

ISLAMABAD (Staff Reporter): The Competition Commission of Pakistan (CCP) has issued a show cause notice to Nestlé Pakistan Limited for alleged violation of Section 3 of the Competition Act, 2010 for unreasonably raising the prices of its infant and baby food products, Lactogen and Cerelac, over the past two years. Section 3 of the Competition Act prohibits dominant undertakings from abusing their positions in the market. This matter is of particular significance as the products are for infants between the ages of 0-24 months and parents are significantly affected by price fluctuations. Through the show cause notice, Nestle has been asked to respond in writing within fourteen days and to avail an opportunity of being heard on 18 June 2015.

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CCP issues show cause notice to food company

STAFF REPORTER

ISLAMABAD—The Competition Commission of Pakistan (CCP) has issued a show cause notice to Nestlé Pakistan Limited for alleged violation of Section 3 of the Competition Act, 2010 for unreasonably raising the prices of its infant and baby food products, Lactogen and Cerelac, over the past two years. Section 3 of the Competition Act prohibits dominant undertakings from abusing their positions in the market. This matter is of particular significance as the products are for infants between the ages of 0-24 months and parents are significantly affected by price fluctuations. Through the show cause notice, Nestle has been asked to respond in writing within fourteen days and to avail an opportunity of being heard on 18 June 2015.

The show cause notice follows an enquiry by CCP into allegations regarding an unreasonable increase in the prices of

Lactogen and Cerelac products by Nestlé over a period of two years. The enquiry report identified two relevant markets; one for domestically produced infant formula & follow-on milk; and the other for domestically-produced packaged cereal-based baby products. Nestle is a dominant undertaking in both markets on basis of its Lactogen and Cerelac products, respectively.

The enquiry report found that Nestlé increased the prices of Lactogen and Cerelac by 38% and 32%, respectively over two years, which did not correspond to the increase in costs nor was based on any justifiable business reasons. The report concluded that by unreasonably raising the prices of its products, Nestlé has, prima facie, abused its dominant position in the market thus violating the Competition Law. CCP is mandated by the Competition Act to, inter alia, protect consumers from anti-competitive behavior.



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قیمتوں میں غیر معقول اضافہ، نیسلے پاکستان کو مسابقتی کمیشن کی جانب سے شوکاژنوٹس

اسلام آباد (دنیا رپورٹ) مسابقتی کمیشن پاکستان نے پچھلے دو سالوں کے دوران نیسلے کی طرف سے بچوں کی غذائی مصنوعات، لیکٹوجین اور سیریلیک کی قیمتوں میں نا معقول اضافے کے لیے نیسلے پاکستان لمیٹڈ (Nestle Pakistan Ltd.) کو شوکاژنوٹس جاری کر دیا ہے۔ شوکاژنوٹس مسابقتی قانون کے سیکشن 3 کی مبینہ خلاف ورزی کے لیے جاری کیا گیا ہے۔ یہ سیکشن غالب حیثیت کے حامل کاروباری اداروں کو مارکیٹ میں بالادستی کے غلط استعمال سے روکتی ہے۔ شوکاژنوٹس کے ذریعے نیسلے کو 14 دن کے اندر تحریری جواب دینے کا کہا گیا تاکہ 18 جون کی سماعت میں ان کا موقف سنا جاسکے۔

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لیکچر اور سیریلیک کی قیمتوں میں مہلکے معقول اضافے پر نیشنل پاکستان کوشوکارز نوٹس جاری

کمپنی سے 14 روز میں جواب طلب کر لیا گیا، نوٹس شکایات کے بعد انکو امری رپورٹ کی روشنی میں جاری کیا گیا، مسابقتی کمیشن

قیمتوں میں بل ترتیب 38 فی صد اور 32 فی صد اضافہ کیا جو کہ کسی جواز کے قابل کاروباری وجوہات پر نہیں کیا گیا، رپورٹ کے مطابق، میٹل نے، ہادی انٹرنر میں مسابقتی قانون کی شق 3 کی خلاف ورزی کرتے ہوئے مارکیٹ میں اپنی غالب حیثیت کا غلط استعمال کرتے ہوئے بغیر کسی جواز کے قیمتوں میں اضافہ کیا، یہاں یہ ذکر کرنا مناسب ہوگا کہ مسابقتی کمیشن کو قانون کے تحت یہ اختیار حاصل ہے کہ وہ غیر مسابقتی رویوں سے صارف کو تحفظ دے۔

اس معاملے پر انکو امری شروع کی تھی، انکو امری رپورٹ نے اس معاملے میں دو متعلقہ مارکیٹ کی نشان دہی کی، ایک شیرخوار بچوں کے استعمال کے لئے مقامی طور پر تیار کیے جانے والے دودھ اور دوسرا مقامی طور پر تیار کیے جانے والے سریل کی مصنوعات کی مارکیٹ۔ میٹل کو ان دونوں مارکیٹ میں اپنی لیکو جین اور سیریلیک کی وجہ سے غالب حیثیت کا حامل پایا گیا، انکو امری رپورٹ کے مطابق میٹل نے دو سال کے عرصے میں اپنی لیکو جین اور سیریلیک کی

ہے کیوں کہ لیکو جین اور سیریلیک 0-24 ماہ کی عمر کے بچوں کے لئے ہیں اور ان کی قیمتوں میں اتار چڑھاؤ سے والدین شدید متاثر ہوتے ہیں، شوکارز نوٹس کی ذریعے میٹل کو 14 دن کے اندر تحریری جواب دینے کا کہا گیا تاکہ 18 جون کی سماعت میں ان کا موقف سنا جا سکے، مسابقتی کمیشن نے میٹل کے خلاف موصول ہونے والی شکایات کے بعد پچھلے دو سال کے عرصے کا جائزہ لیتے ہوئے میٹل کے لیکو جین اور سیریلیک کی قیمتوں میں نامناسب اضافے کا نوٹس لینے ہوئے

اسلام آباد (کامرس ڈیسک) مسابقتی کمیشن پاکستان نے گزشتہ دو سال کے دوران میٹل کی طرف سے بچوں کی غذائی مصنوعات، لیکو جین اور سیریلیک کی قیمتوں میں نامعقول اضافے کے لئے میٹل پاکستان لیمیٹڈ کو شوکارز نوٹس جاری کر دیا ہے، شوکارز نوٹس مسابقتی قانون کے شق 3 کی سمیعہ خلاف ورزی کے لئے جاری کیا گیا ہے، یہ شق غالب حیثیت کے حامل کاروباری اداروں کو مارکیٹ میں بالادستی کے غلط استعمال سے روکتی ہے، یہ معاملہ انتہائی اہمیت کا حامل