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Global Forum on Competition

Competition in the Food Supply Chain – Summaries of contribution

- Session IV -

3 December 2024

This document reproduces summaries of contributions submitted under Session IV of the Global Forum on Competition to be held to be held on 2-3 December 2024.

More documentation related to this discussion can be found at: oe.cd/gfc24.

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Table of contents

Summaries of contributions	3
Albania	4
Argentina	5
Australia.....	7
Austria.....	8
Azerbaijan.....	10
BIAC.....	11
Brazil	13
Canada	14
Croatia.....	15
Dominican Republic	16
European Union.....	17
Finland	18
France.....	19
Hungary	20
Indonesia	21
Israel	22
Japan	23
Kazakhstan	24
Mexico	25
New Zealand	26
Norway	27
Pakistan.....	28
Paraguay	29
Poland.....	30
Portugal.....	31
Romania	32
Slovak Republic	33
Slovenia	34
South Africa	36
Sweden.....	37
Chinese Taipei	38
UNCTAD.....	39
United States	40
Yemen.....	41

Summaries of contributions

This document contains summaries of the various written contributions received for the discussion on Competition in the Food Supply Chain (Global Forum on Competition to be held on 2-3 December 2024, Session IV).

Albania

Fruit and vegetables are an important sector of agricultural production in Albania, providing the population with sufficient food, as well as income for the rural households where they are produced. In the same time about 20% of consumption basket for the Albanian citizens is focused in fruit and vegetables making it an important part of daily consumption of every family. During 2024, the Albanian Competition Authority (ACA) has monitored and investigated for the first time the fruit and vegetables collection and wholesale market with the purpose to study, identify competition concerns in the market and investigate the conduct of the operators in term on collusive behavior.

In the Albanian legislation according to article no. 4 of Law no. 9121/2003 “On Competition Protection”, it is foreseen that: “Prohibited agreements” are agreements which have as their object or effect the prevention, restriction or distortion of competition shall be prohibited. Determining the relevant market is the main element of competition analysis. In this case the product market includes: import-export of fruits and vegetables; the fruit and vegetable collection market; wholesale fruit and vegetable market. The relevant geographic market will be considered the region of Tirana, Elbasan, Berat, Fier and Korçë where the most of production is made.

During 2024, the Albanian Competition Authority (ACA) conducted a market monitoring in the fruits and vegetables collection and wholesale market in the region of Tirana, Elbasan, Berat, Fier and Korçë, as this market constitutes one of the most productive and important sub-sectors of Albanian agriculture, with good opportunities to grow the domestic and export /markets. During monitoring it has been found that it has many trading levels in the supply chain as: farmers/producers; collection points; wholesalers (wholesale Agro-Food Markets); Importers and exporters of fruits and vegetables retailers

Referring to market structure, vertical integration, conduct of competitors, and large differences in the value chain of the product from producers, collectors, wholesalers to the final consumer, it was found that there might be an anti-competitive behavior such as prohibited agreements and/or concerted practices between two or more undertakings operating in the market of collection and wholesale of fruits and vegetables, in terms of Article 4 of Law no. 9121 dated 28.07.2003 "On competition protection". After the preliminary investigation for the period January 2023-September 2024 with Decision no.114, date 04.10.2024, The Albanian Competition Authority has opened an in-depth investigation in the fruit and vegetables collection and wholesale market with the purpose to find competition infringements and other market failures.

The Competition Commission will proceed with the relevant decision making if proof will be found for prohibited agreement the undertakings will be fined as the law foresees article 74 of the law no. 921/2003. If not detailed recommendations will be given to public institutions based on best practices on other OECD countries.

Argentina

Food, together with beverages, household cleaning products and toiletries, make up the supply of mass consumer goods, which are sold to final consumers in various retail outlets such as supermarkets, self-service stores, wholesalers, warehouses, kiosks and other specialised shops.

Regular food goods are typically purchased on a daily or weekly basis, and include fresh foods such as fruits and vegetables, artisanal bread, beef, pork and chicken, milk, cheese, eggs, among others. Non-regular food goods are typically purchased on a weekly or monthly basis, and include packaged products such as rice, dry noodles, oils, biscuits and flour, fresh fish and seafood, packaged bread, frozen products, among others.

Although as a result of price increases the basket of foods consumed on a regular basis can be modified –for example, first brands can be replaced by second brands, or the consumption of certain foods can be spaced out–, since these are staple goods, whose intake satisfies people's nutritional, kilocalorie and protein requirements, they are a set of goods whose elasticity is low (although there may be exceptions for certain specific foodstuffs). On the other hand, the demand for food can be more elastic to changes in income.

Because of its importance for human life, the purchase of food accounts for a significant percentage of household expenditure. It is for this reason that food is a category of great importance in different surveys and measurements made for statistical purposes. In Argentina, for example, this item is a major component of the consumer price index basket of goods and services that is used to measure inflation and in the so-called ‘basic basket’ used to measure indigence and poverty. In other words, the supply and price of food have a direct impact on two partly related economic and social problems that are of great importance in the country: inflation and poverty.

In addition, the food sector occupies an important place in Argentina as it is a country with a primary production of great relevance at world level, with a long tradition in the agricultural and agro-industrial sector, in which the production of foodstuffs such as cereals, meat and oilseeds, among others, for domestic consumption and also for export, stands out.

Competition authorities have the power to study certain value chains, such as the food sector, the links that compose it, the main agents that make up the supply and demand of their markets, and their competitive dynamics. Ultimately, this task can contribute to solving sectoral difficulties with the potential to have an impact on more general problems, such as inflation and poverty, among others.

In this regard, section 28 of Act No. 27.442 on the Defence of Competition (LDC, for its acronym in Spanish), grants the Argentine competition authority —at present the National Commission for the Defence of Competition (CNDC, for its acronym in Spanish)) together with the Secretariat of Industry and Commerce (SIyC)— the power to conduct market studies and investigations in order to issue pro-competitive recommendations of a general or sectorial nature with respect to the modalities of competition in the markets.

In effect, market investigations are proceedings developed by the competition authority to have an appropriate diagnostic of the competition conditions in determined sectors of the economy. Its main objective is to promote and improve competition in the markets. After the study of a determined sector, the agency can issue recommendations to regulatory organisms, legislators, entrepreneurs chambers, etc. The CNDC can also recommend to

conduct an ex -officio investigation if there is the existence of possible anticompetitive conducts.

This note is organised in three sections. The first one examines the incidence of household spending on food, based on the analysis of different statistical measurements that use baskets of goods and services to determine the evolution of economic and social indicators, such as inflation and poverty. Considering the food groups of relevance in consumer baskets, the second section reviews the findings of certain market investigations carried out by the CNDC on two highly significant value chains in Argentina, beef and dairy. It also presents the results of the study made on supermarket chains and the conditions of competition in relation to their suppliers. In the third and final section, some final remarks are presented.

Australia

The purpose of this submission is to inform the upcoming roundtable on “Competition in the Food Supply Chain”, which will consider the different elements of a food supply chain and how government policy related to competition can play a role to limit market failures. This submission outlines how the Australian Competition and Consumer Commission (ACCC) is currently addressing these topics.

In addition to our general economy-wide program to enforce competition and fair trading laws under the Competition and Consumer Act 2010 (Cth) (the CCA), the ACCC has a number of roles that directly relate to competition in food supply chains, including:

- administering prescribed industry codes, including a number of mandatory codes and one voluntary code; and
- operating an ACCC Agriculture Consultative Committee, to provide advice and information on issues affecting the agriculture sector that are within the scope of the CCA; and
- assessing potential mergers affecting the grocery supply chain; and
- determining whether to grant exemptions from competition law for specific proposed competitor collaborations that may otherwise risk breaching competition law, such as collective bargaining by primary producers, where the ACCC is satisfied that the conduct is in the public interest or will not substantially lessen competition; and
- undertaking government-directed inquiries, including the current ongoing inquiry into markets for the supply of groceries (Supermarkets Inquiry).

The ACCC submission explains that the Supermarket Inquiry is currently examining the pricing practices of the Australian supermarkets and the relationship between wholesale, including farmgate, and retail prices. The ACCC published an interim report on 27 September 2024, which included detailed information gathered through stakeholder submissions, responses to an ACCC consumer survey, and feedback provided by suppliers at roundtable discussions held around Australia. Our Final Report, due to be provided no later than 28 February 2025, will examine whether and how supermarkets or other buyers may be exercising market power through grocery supply chains, and the extent to which such practices, if they are occurring, may be impeding the efficient operation of grocery supply chains.

Austria

The Austrian food supply chain encompasses the journey from input supply to agricultural production and consumer delivery. Recent international crises and inflation have raised questions about market failures and competition issues within this sector.

Market Structure of the Food Retail Sector

The food retail market in Austria is highly concentrated, with the top four players commanding 91% of the total turnover. This concentration has persisted for years and is associated with potential competition issues like collusion and high market entry barriers. The branch density is significant, which influences space allocation per inhabitant.

- **Private Label Products:** The share of private label products, making up 35.9% of total sales in 2022, continues to rise, especially among discount retailers. Despite inflation, consumers increasingly opt for these products, which generally saw higher price increases than branded products.
- **Market Entry Barriers:** High investment costs, regulatory hurdles, and logistical challenges contribute to significant barriers for new entrants. The closure of over 200 local shops since 2019 contrasts with the expansion of the top four retailers.

Consumer Perspectives

A survey highlighted that 78% of consumers rely on major food retailers, spending an average of EUR 135 weekly. Consumers prioritize stable prices over discounts and prefer variety in private labels. Around 85% would use free price comparison tools to navigate price complexities.

Unfair Trading Practices (UTPs)

UTPs in the food supply chain disproportionately impact smaller suppliers who often lack the leverage to counteract these practices. Many suppliers face late payments, sudden order cancellations, and unilaterally changed supply terms. Approximately one-third reported threats of delisting or switching to competitors if conditions were not met.

Food Industry Market Structure

The Austrian food industry features diverse producers with a few large players dominating specific product categories. Price transparency is imbalanced, favoring retailers who possess detailed cost insights, while suppliers have limited visibility into competitors' prices. Despite inflation, there was no evidence of increased profit margins in this sector.

- **Price Disparity:** AFCA found a 10-15% price markup for products in Austria compared to Germany, influenced by multinational pricing strategies.

Agricultural Production Sector

Agriculture in Austria remains fragmented, with most farms family-run and part-time. Despite a 21% decrease in the number of farms since 2010, the average farm size has increased by 25.5%. Prices for agricultural products are shaped by international market forces and import/export levels. Profitability in the agricultural sector showed strong performance in 2022, slightly above the decade average.

Recommendations by AFCA

- **Price Transparency:** Introduce measures for price comparison tools through APIs.

- **EU Involvement:** Collaborate with the European Commission to address price disparities.
- **Consumer Protection:** Enhance consumer rights and protections.
- **UTP Regulations:** Strengthen laws to combat unfair practices.
- **Legal Framework:** Provide legal security for suppliers and bolster competition laws.

These recommendations aim to improve market transparency, consumer protection, and competitive practices in Austria's food supply chain.

Azerbaijan

Ensuring safety and price stability in the agricultural sector and especially food supply chains in the global arena has become even more urgent after the onset of the COVID-19 pandemic and the Russia-Ukraine conflict. Observation of supply-demand imbalance in food chains, violation of integrity of chains, observation of increased market concentrations in the retail trade segment has led to a sharp increase in food inflation all over the world. Considering the effects of changes in the global economy on the country's economy, a study was conducted by the State Service for Antimonopoly and Consumer Market Control (SSACMC) under the Ministry of Economy of the Republic of Azerbaijan to analyze the competitive situation in the agricultural sector.

In the research, competitive analyzes were conducted on various markets using the value chain methodology according to international principles. In this direction, product markets with spot and vertically coordinated value chains are identified separately and competitive analyzes are conducted on each link of the value chain (raw material supply, production, processing, wholesale, and retail), market entry barriers, horizontal and vertical agreements, price transmissions and the criteria of abuse of market power have been considered. During the competition analysis, several academic publications were used, along with the bulletins, reports and database of the Organization for Economic Cooperation and Development (OECD) and the Food and Agriculture Organization of the United Nations (FAO), international principles were applied considering the structural features of the country's economy.

Although the abuse of monopoly power, cartel-type relationships and oligopoly market structure were not detected in the markets where domestic demand for the investigated spot value chains was formed due to local production, more unfair trade behaviors were observed in the respective markets. In food markets whose domestic demand is formed entirely due to imports, high market concentration of economic subjects with a dominant position in the wholesale segment and joint increase of prices in this segment have been observed.

BIAC

Business at OECD (BIAC) is grateful for the opportunity to provide comments to the Global Forum on Competition on competition in the food supply chain.

The world economy has facilitated the investment of capital and the operation of businesses across borders, and functions as a unified entity, operating in real-time on a global scale.¹ This is nowhere more evident than in the Global Food Value Chain (GFVC) which is continually expanding and attracting new market entrants, particularly in developing and emerging economies.²

The GFVC is comprised of all activities within the food system, including the research, development, production and storage of seeds and other critical inputs such as fertilizers, crop and animal protection products, veterinary services, and animal feeds, the development and application of new methods that are applied to farming and the production of crops, the harvesting, transport, storage and processing of farm produce, the trading, wholesale and retail of downstream foodstuffs, and the consumption by the final consumer. This global system is also characterized by, inter alia, detailed trade policies, preferential access to markets, and either state-directed domestic targeted, or scale focused export-oriented agricultural regimes, which tend to favor large-scale agri-businesses within the broader GFVC.³

Changes observed within this system suggest that agri-food GFVCs develop in similar ways to those in the manufacturing sector, often with a strong intra-regional dimension, despite the growth of extra-regional trade. In this regard, both ends of the value chain tend to be concentrated around specific hubs, with emerging markets being important in the middle of the chain by their supplying of agri-food intermediates.⁴

Many developing countries have a number of small to medium-sized farmers and firms which contribute towards a country's level of agricultural production. The existence of large incumbents at other levels of the GFVC value chain can, however, exert a significant amount of pressure on smaller players, resulting in market foreclosure and exits.⁵ In this regard, there is an increasing trend, particularly within developing economies, to move away from the standard "consumer welfare" standard, as a benchmark for testing theories of harm, towards one that is more protectionist in favor of small and medium sized firms (SMEs), even if there is not necessarily any immediate prospect of consumer harm.

Nevertheless, a firm's size, irrespective of its position in the GFVC value chain, should not be an inherent cause for concern. Even larger firms are affected by broader micro- and macro-economic factors and natural causes, which may have concomitant effects downstream. These factors may include, for example, currency fluctuations, droughts,

¹ MANUEL CASTELLS, *THE INFORMATION AGE: ECONOMY, SOCIETY AND CULTURE – THE RISE OF THE NETWORK SOCIETY* 92 (1996).

² OECD, *GLOBAL VALUE CHAINS IN AGRICULTURE AND FOOD: A SYNTHESIS OF OECD ANALYSIS* (2020), <https://doi.org/10.1787/6e3993fa-en>.

³ U.N., *Interim Report of the Special Rapporteur on the Right to Food*, A/78/202 (July 18, 2023), <https://www.ohchr.org/en/documents/thematic-reports/a78202-interim-report-special-rapporteur-right-food>.

⁴ OECD, *GLOBAL VALUE CHAINS IN AGRICULTURE AND FOOD*, *supra* note 2.

⁵ T.S. Jayne et al, *Africa's Changing Farm Size Distribution Patterns: The Rise Of Medium-Scale Farms*, 47 *AGRIC. ECON.* 197 (2016).

fires, floods, frosts, and global conflicts, all of which contribute to demand and supply shocks.

This submission explores two areas of inquiry:

- recent developments in select jurisdictions to combat perceived concentration levels in fast-moving-consumer-goods (FMCG) markets by utilizing buyer power and price discrimination toolkits to address unequal bargaining power dynamics; and
- price gouging as a risk to the GFVC and lessons learned from the COVID-19 pandemic in the event of future global supply and demand shocks, whatever the reason.

We submit that traditional competition law toolkits are adequate to address actual or perceived anti-competitive effects in the GFVC market and policies or enforcement decisions which disregard the efficiencies associated with scale may have several unintended consequences which are likely to directly harm competition, and ultimately consumers, such that these novel policies should be guarded against.

Brazil

The food market is complex, involving various transactions from the supply to the end consumer. The supply chain evolved with technological advances, and research and development contributions. The Brazilian agricultural sector has increased in productivity and exports. Boosted by technological innovation, it is the third largest supplier of agricultural products worldwide. The sector represented approximately 5% of the Brazilian GDP with a significant growth in the production in recent years.

Considering the representativity of the sector in the Brazilian economy, the Administrative Council for Economic Defense (CADE) has reviewed cases in the Brazilian food supply chain, especially in the market of agricultural inputs, and food retailers. Among these cases, there are several mergers and acquisitions, and anticompetitive practices related to the abuse of dominant position and cartels in sectors like the agrochemical, retail, and food markets. Three cases were selected in order to illustrate how the Brazilian authority has worked in terms of merger control in the sector: 1) Full acquisition: Bayer-Monsanto, 2) Investigation: Bayer and Monsanto, and 3) Merger: Grupo BIG-Atacadão S.A. (Carrefour). CADE cleared both mergers subject to merger control **agreements** (ACC in its acronym in Portuguese). In the first case, competition concerns regarded vertical integration and market share; in the second one, horizontal mergers; and, in the last case, the ACC aimed to ensure divestitures, and behavioural remedies intended to restore the competitive dynamics. As for the anticompetitive conduct case, it is still in analysis by the Office of the Superintendent General (CADE).

Therefore, the document highlights the relevance of CADE's role to ensure the competition environment in the Brazilian food supply chain. It presents the measures adopted to address the concerns raised from mergers and acquisitions like structural and behavioural remedies, and monitoring mechanisms for keeping markets competitive.

Canada

Canada's grocery industry is concentrated. Most Canadians buy groceries in stores owned by a handful of grocery giants. In addition, the price Canadians pay for groceries has been rising fast in the past few years.

Canada's Competition Bureau submits this paper which focuses on the findings and recommendations from its Retail Grocery Market Study. It also highlights recent developments on Canada's Grocery Code of Conduct and on the Bureau's enforcement work, namely its investigations into the use of property controls in the retail food sector and its bread price-fixing case.

The Bureau will continue to approach its work in the Canadian grocery industry with heightened vigilance and scrutiny. It will also continue to work with governments across Canada to advance the market study's recommendations to improve competition.

Croatia

This paper is a written contribution to the Global Forum on Competition's call for country contributions to be discussed at the roundtable on "Competition in the food supply chain" on 3 December 2024.

The functioning of the food supply chain could not be taken for granted. The activities of the food supply chain are essential for society, so proper and timely actions undertaken by competition authorities in this field are of paramount importance. We all are facing challenges related to the efficiency, sustainability and security of the food system.

In its contribution, Croatian Competition Agency (CCA) wishes to present its most recent practice related to food supply chain in the area of competition law, namely restricted agreements, merger control and sector inquiries.

The need to have precise data about grocery retail market, led to the launching of the annual inquiry into grocery retail market in 2006. Since then, for almost twenty years, this is being conducted regularly on an annual basis and represents reliable source of evidence for the competition law proceedings. The core findings for 2023 are set out in this contribution.

Dominican Republic

The Dominican Republic, located in the Caribbean, is an emerging economy with a diversified focus that includes sectors such as tourism, agriculture, and manufacturing. With an approximate population of 11 million inhabitants, the country stands out for its economic dynamism, reflected in sustained GDP growth in recent years. However, it also faces structural challenges, such as dependence on imports for essential products, vulnerabilities in its agricultural system, and socioeconomic inequalities.

The Dominican Republic has faced significant challenges in the food supply chain, especially in the context of the COVID-19 pandemic and global economic fluctuations. Pro-Competencia, as the body responsible for the defense of competition, has played a key role in promoting free competition within the food supply chain. This contribution reflects the lessons learned and challenges encountered. It highlights the policies adopted to ensure fair access to essential food while simultaneously preserving competitive conditions in the market.

European Union

The European Commission (hereinafter, EC) has prioritised competition within food supply chains, recognising the sector's essential role in promoting consumer welfare, economic stability, and the transition towards more sustainable production systems. The EC's approach centres around three core objectives: (1) ensuring fair pricing, (2) strengthening the position of agricultural producers, and (3) fostering sustainability across the supply chain.

To protect consumers, particularly in an inflationary context, the EC addresses anticompetitive practices and mergers that may raise prices. Key actions to address these practices include investigations into price-fixing cartels among suppliers and/or producers, abuses of dominant positions that restrict access to consumers, territorial supply constraints, retail alliances, and protectionist agreements between producers and other levels of the supply chains. These efforts have spanned a broad range of products, including drinks, confectionery, biscuits, fish, meal delivery, and canned goods.

To address the challenges of a fragmented farming level in the supply chains the EU developed specific rules that allow farms certain flexibility to engage in collective action. In addition, the EC addresses bottlenecks in the supply chain. For instance, the EC has investigated cartels among input suppliers and buyers. To complement this, the EC has scrutinised mergers that would increase buyer power over farms or limit the availability and increase the prices of essential supplies, ensuring a fairer balance of power within the chain.

Finally, the EU's competition policy aligns with sustainability goals by supporting collective sustainability initiatives among agricultural producers that exceed regulatory standards. New rules for farmers, along with updated horizontal guidelines for other levels of the supply chain, help producers assess the compatibility of their joint sustainability initiatives with EU competition rules.

By focusing its antitrust and merger enforcement policies on these objectives, the EC aims to foster European food supply chains that are both competitive and sustainable, ensuring long-term resilience and fairness for all stakeholders.

Finland

This note begins by discussing recent developments in the Finnish food supply chain, examining the high concentration in the grocery retail sector, and analyzing market concentration across various product groups from 2016 to 2022. It explores retail price margins by utilizing product-level data to show changes across different product categories between 2018 and 2022. The note also delves into price trends at different levels of the supply chain—specifically retail, wholesale, and producer prices for products such as beef, chicken, milk, and eggs during 2018 to 2023—and calculates the portion of the retail price captured by each level of the supply chain.

Furthermore, the note describes the various sales channels available to Finnish farmers, including direct sales to consumers, sales to cooperatives, wholesalers, retailers, and food processing industries. It notes the prevalence of different sales methods across agricultural sectors.

In addition, the note discusses farmers' choices between storing or immediately selling produce, influenced by factors like produce type and market conditions. It outlines regulations on food storage, safety, and the transport of food and live animals—including licensing requirements and standards for transport companies.

Additionally, it addresses food import regulations and discusses monitoring and compliance enforced by Finnish Customs, including recent import control results and common reasons for non-compliance.

Then, the assessment of vertical restraints under Finnish competition law is explored, including how certain vertical agreements may be exempt from prohibition if they meet specific conditions. The note examines the classification of resale price maintenance (RPM) as a "hardcore restriction" and explains how such cases are legally examined.

The note also discusses grocery chain buyer power and competition rules, particularly a special provision in the Finnish Competition Act that deems any retailer with a market share of at least 30% in daily consumer goods as holding a dominant position.

Finally, the note covers unfair trading practices as regulated by the Finnish Food Market Act. It outlines the prohibited practices and conditions under the Act, such as unilateral contract changes and last-minute order cancellations, and describes the role of the Food Market Ombudsman in overseeing compliance.

France

The French Competition Authorities, both the French General Directorate for Competition, Consumer affairs and Fraud control (DGCCRF) and the French Competition Authority (FCA) overwatch attentively commercial relations between the operators of the food supply chain.

The agri-food sector has the specificity to link players with unequal economic powers and to have a strong impact both on the consumer's wallet and on sustainable development. Therefore, the French legislator has introduced specific rules to frame commercial relations on the food supply chain. The first corpus of rules, that is controlled by the DGCCRF, concerns contractualization. In order to balance the commercial relations between the actors of the food supply chain and to protect the producers, some formal obligations were adopted. To that extent, producers are incentivized to regroup under the form of producer organizations. Different disposals apply respectively to contracts between producers and their purchasers, and to contracts between suppliers and distributors. The French Competition Authorities ensure compliance to Competition Law when companies operating on the same market coordinate to negotiate these contracts.

The French Legislator has also created rules on unfair commercial practices that were specifically developed in the context of commercial relations on the food supply chain. DGCCRF controls that players respect the general framework on unfair commercial practices, the specific rules for agricultural and agri-food products and the special rules for fast-moving consumer goods. The protection of the price of the agricultural raw material, the prohibition to force a supplier to set an abusively low sale price or the enhancement of the sale at a loss infraction are different examples of disposals that are supervised by the French authorities to balance the commercial relations between the operators of the food supply chain.

Hungary

This contribution provides a summary of the investigations conducted by the Hungarian Competition Authority (GVH) in the food supply chain. Overall, the Hungarian food supply chain is moderately concentrated, with increasing consolidation over time. Concentration is lowest at the farm level and highest at the retail level. Agricultural markets have several specific regulatory frameworks, including EU and national subsidies. These make competition enforcement more difficult in these markets and often lead to a lower consumer orientation of market players.

In recent years, the GVH has conducted three (accelerated) sector inquiries in the food supply chain. First, the procurement of beverages by HORECA units was investigated. The GVH paid particular attention to investigating the extent of various subsidies and discounts granted by beverage producers and distributors to HORECA units. The GVH concluded that these subsidies and rebates provide more benefits than harm to consumers, but that it is crucial to minimize the foreclosure effect of subsidies and rebates. Overall, consumers are generally satisfied with the variety of beverages available in different HORECA units.

Second, milk and dairy products were examined, including plant-based dairy alternatives. Dairy products show large inflation in 2022 and 2023. The GVH has determined that the Milk Interprofessional Organization and Product Board's raw milk price forecast likely contributed to the very significant raw milk price increase, resulting in a negative impact on consumers. Following the investigation, the Milk Interprofessional Organization and Product Board stopped publishing its price forecast. In addition, the GVH pointed out that plant-based products were at a disadvantage due to higher retail margins and higher VAT rates, which is unfavorable from an environmental point of view.

Third, the market for preserved foods (fruit and vegetables) was investigated. No competition problems were found in this market. The observed price increase was mainly due to the fact that the cultivation area is decreasing over time, and the drought in 2022 aggravated the situation by significantly reducing supply, while demand was high, especially due to the very substantial export of these products to other EU countries.

Indonesia

Unfair business competition is clearly detrimental to the interests of society at large. Especially for people who really need food commodities to meet their daily needs. Not only the consumers, the impact will reach other business actors who are unable to do anything because they are losing competition in the market. One of the cases in food commodities handled by The Indonesia Competition Commission (ICC or KPPU) was the case of cartels involving cattle importers. Beef has become an important commodity for the community, especially in big cities. It can be said that beef is a primary need that must be maintained in terms of availability and affordability. Problems in the beef supply chain will be a problem that is detrimental to the stakeholder. In 2016, the KPPU issued a decision related to unfair business competition in the beef trading. After an examination and going through the trial process, KPPU decided that the reported parties were legally and convincingly proven to have violated Article 11 and Article 19(c) of Law No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition and Law (Indonesian Competition Law) of the charge of price fixing and manipulation of market supply. The KPPU also provided advice to the government to regulate and supervise the implementation of beef imports so as not to harm stakeholders in the market. In the long term, healthy competition in the beef importation is expected to ensure availability in the market at reasonable prices.

Israel

In recent years, the consumer price index of food, and especially the consumer price index of fruits and vegetables, rose substantially. From 2011 until 2024 the price index for fruits and vegetables rose by 37%. At the same time, the general consumer price index rose only by 17%.

The Suppliers side – Between 2018-2022, the ten largest suppliers in Israel had 51%-53% of the total sales in the food sector in Israel. The Israeli food supplier's sector is also characterized by large conglomerates. Many of the large suppliers sell a large number of products in different markets in the food sector. This conglomerate market structure might increase the bargaining power of the supplier's vis a vis the retailers and harm the ability of small suppliers to enter into new markets or to expand their sales. Due to the low level of competition in the supply side of the food sector, the ICA adopted a strict approach towards mergers between food suppliers.

The retailers side – the CR3 in the retail sector in Israel decreased by 9% between 2014-2023 and that the HHI index is relatively low. However, it should be noted that the Competition Commissioner rejected in recent years mergers also in the retail sector, when specific competition concerns arose.

Importation Barriers – Israel has import barriers that hinder the development of effective import competition. These barriers include, inter alia, tariffs on agricultural products, burdensome requirements of "Kashrut" in the production and import processes and requirements of compliance with Israeli standards.

Regulation – Despite significant regulatory amendments in the food sector in Israel (including the enactment of the Food Law and few amendments to it, prohibitions on direct importers, amendment to the exemption of products' shelf arrangement, and importation reform) which aimed at preventing harm and increasing competition, prices in the food sector in Israel remain high.

ICA Research – In order to develop a deeper understanding of the underlying sources for the high cost of food and toiletries in Israel, the Israel Competition Authority is currently conducting research of food and toiletries that are purchased by Israeli consumers on an unprecedented scale. Ultimately, the Competition Authority will seek to apply the findings from this research in order to issue recommendations in order to alleviate the high cost of food and toiletries faced by consumers in Israel.

Japan

Recognizing that the food supply chain is one of the most important areas indispensable to the lives of the people in Japan, the Japan Fair Trade Commission (JFTC) has been actively taking efforts to effectively eliminate and prevent anticompetitive conduct under the Antimonopoly Act (AMA) throughout the food supply chain, so as to promote competition and consumer welfare.

This contribution paper introduces the JFTC's efforts in the field of food supply chain in Japan, including enforcement cases against conduct of agricultural cooperatives, a food manufacturer and a large-scale retailer as well as several fact-find surveys in this field.

Kazakhstan

The food supply chain is a key component of the economic structure of the Republic of Kazakhstan, encompassing a wide range of participants, including **producers, processors, distributors, wholesalers, and retailers**. The effective functioning of this chain is essential to ensuring price stability and the availability of goods for the population.

In the context of globalisation and shifting consumer preferences, it is crucial to assess how competition mechanisms function and to examine the legislative and practical approaches available for their regulation.

A critical task remains to provide equal opportunities for all participants in the supply chain while maintaining a balance between the interests of consumers, producers, and the state. This will enhance food sustainability and reduce reliance on imported goods.

In the context of price volatility, the Agency for Protection and Development of Competition of the Republic of Kazakhstan **monitors prices for essential goods** using data from open sources as well as information from government agencies, including statistical data, **analyses the state of competition** in commodity markets and identifies issues such as negative price trends, artificial shortages of goods, and violations by market entities.

the Agency actively employs soft law instruments through notifications about potential violations of competition law by market entities, government agencies, or organisations vested with regulatory functions by the state.

Effective regulation is achieved through cooperation between the antimonopoly authority and authorised state bodies (participation in interdepartmental commissions to identify unproductive intermediaries, developing roadmaps for competition development, conducting interdepartmental inspections).

Since 2024, Kazakhstan has initiated **a gradual phase-out of state price regulation** for socially significant food products markets, reflecting a move towards a freer market system.

Mexico

The Federal Economic Competition Commission (Cofece or Commission) has undertaken different actions to guarantee competition and free market access to products that are widely consumed and a part of Mexicans' basic basket of food supplies. In the food sector, Cofece has conducted market studies to assess the competition conditions in the agri-food and beef markets supply chains, as well as, on the modern channel of retail commerce of food and beverages. These studies include several recommendations to enhance market efficiency, refine existing regulations, eliminate unnecessary regulatory barriers, and improve the information accessible to producers and consumers, among others.

New Zealand

This paper discusses the legislative reform and work of the New Zealand Commerce Commission (NZCC) relating to competition in New Zealand’s wholesale grocery sector.

It firstly provides background on the wholesale grocery sector in New Zealand, and the NZCC’s market study into the retail grocery sector. It then outlines the new grocery sector legislation in New Zealand, including a new wholesale supply regime, and discusses the findings of the NZCC’s first Annual Grocery Report, which has led them to initiating a wholesale supply inquiry. Finally, it describes some other work the NZCC is undertaking in the grocery sector.

Market study and enactment of Grocery Industry Competition Act 2023

The NZCC’s 2022 market study found that, in terms of competition for the wholesale supply of groceries, there is a lack of wholesale access to a full range of groceries for resale at competitive prices, which is a contributor to the dominance of New Zealand’s three major grocers. The vertical integration of the three major grocers in the retail and wholesale markets contributes to this.

In response to the market study findings, the New Zealand Government enacted the Grocery Industry Competition Act 2023 (GICA) to improve competition in the grocery sector. GICA establishes a new ‘quasi-regulatory’ wholesale supply regime that places obligations on the three major grocers to set up systems to facilitate wholesale supply to other grocery retailers.

Wholesale supply regime

The paper outlines the new quasi-regulatory wholesale supply regime under the GICA, and the NZCC’s role under it. It also describes the ‘regulatory backstops’ that can be introduced to incentivise wholesale grocery suppliers to provide competitive wholesale offerings under the regime.

NZCC’s First Annual Grocery Report

In September, the NZCC published its first Annual Grocery Report on the state of competition in the grocery sector. The Report found that there has been no meaningful improvement in the state of competition in the grocery industry since the market study and the introduction of the wholesale supply regime. The paper discusses two features that the NZCC considers is restricting wholesale competition - the major grocers’ wholesale pricing models, and the limited range of products available to wholesale customers.

Wholesale Supply Inquiry

In response to the findings of its Annual Grocery Report, the NZCC recently self-initiated an inquiry under the GICA. The paper outlines the powers and rationale behind the NZCC launching an inquiry.

Other grocery-related work the NZCC is undertaking

The paper outlines the NZCC’s review of the Grocery Supply Code which sets out requirements for the conduct of the three major grocers when dealing with grocery suppliers, and a recent decline of a merger application regarding two of the major grocers in New Zealand.

Norway

The Norwegian Competition Authority has in its enforcement focused particularly on competition in the Norwegian food supply chain for the five past years. This is due to concerns about the competition in the Norwegian grocery market.

The lack of effective competition in the market, and therefore the risk that consumers pay more than they should for grocery products, is also reflected in several measures initiated by the government and parliament. During this time, the Authority has investigated several cases and conducted a number of studies related to the grocery market. These cases and studies are described in this contribution.

This contribution from Norway highlights the challenges involved in establishing a foundation for effective competition in the Norwegian grocery markets. Several measures have been implemented, and more are under consideration. These measures, combined with effective enforcement, are important to strengthen competition in the Norwegian food supply chain.

Pakistan

This document provides an in-depth assessment of competition issues within Pakistan's food supply chain, which contributes 24% to GDP and employs 37.4% of the workforce (Pakistan Economic Survey 2023-24)⁶. Despite its significance, this sector faces challenges related to efficiency, competition, and fairness. Dominated by smallholder farmers, who make up 90% of the farming community, the supply chain heavily relies on intermediaries (arhtis/middlemen) for market access, limiting farmers' bargaining power and profitability. Additionally, inadequate infrastructure—particularly in storage and transport—leads to significant post-harvest losses, further distorting market dynamics.

Food supply chain in Pakistan is regulated by a mix of federal and provincial bodies, including the Ministry of National Food Security & Research (MNFSR) at the Federal level, provincial food authorities, the Competition Commission of Pakistan (CCP), and the Pakistan Standards and Quality Control Authority (PSQCA). The CCP plays a critical role in ensuring fair competition through the enforcement of the Competition Act, 2010. However, regulatory fragmentation due to the 18th Constitutional Amendment affects the consistent enforcement of laws across provinces. Accordingly, the provinces have their own respective laws and regulations for the sector.

The CCP has uncovered several anti-competitive practices in key segments of food sectors. In the poultry market, eight hatcheries, including Hitech and Jadeed, were found to be involved in price-fixing, inflating prices for day-old broiler chicks. Although, the CCP issued penalties, legal challenges have delayed enforcement. In the sugar sector, cartelization led by the Pakistan Sugar Mills Association (PSMA) resulted in price manipulation and restricted output, prompting the CCP to impose a PKR 44 billion fine. In the wheat flour market, the CCP's investigations revealed price-fixing and supply restrictions by the Pakistan Flour Mills Association (PFMA), leading to show-cause notices to 84 flour mills.

Additionally, price controls on essential commodities like onions and tomatoes, set by local authorities, have resulted in market distortions, including black markets and supply shortages. Farmers' reliance on non-institutional financing further weakens their market position. The CCP has advocated for reforms, including transparent auction systems and improved access to institutional credit to reduce farmers' dependency on intermediaries.

The document concludes that while the CCP has made strides in addressing anti-competitive practices, the effectiveness of these efforts is limited by weak regulatory enforcement and legal delays. To improve competition and efficiency in Pakistan's food supply chain, regulatory coordination, modernized infrastructure, and stronger enforcement of competition laws are essential. These reforms are necessary to create a more competitive and transparent market that benefits both producers and consumers.

⁶ https://finance.gov.pk/survey/chapter_24/Economic_Survey_2023_24.pdf

Paraguay

Paraguay enacted its first comprehensive competition law in 2013, with provisions on merger control, abuse of dominance, cartels and advocacy. It also established the National Competition Commission (CONACOM) as the national competition authority.

CONACOM has acted on the food supply chain through merger control and advocacy.

One of the merger control cases was Frigomerc/Frigorífico Norte (2020) which was rejected by the authority as Athena Foods Group (Frigomerc) would have reinforced its dominant position in the market for the acquisition of cattle for slaughter, without having proven that the consequences directly derived from it are offset by the gains in economic efficiencies generated. The operation involved a contract whereby Frigorífico Norte undertook the slaughter, process and package beef of twelve thousand (12,000) heads of cattle per month - in favor of Frigomerc S.A., which would provide the cattle and packaging materials and would be the sole and exclusive owner of the products.

Another was Retail/Nuevo Super, which involved the purchase by Retail of three supermarket stores from Nuevo Super, in a city where it did not operate. CONACOM authorized the merger with conditions aimed at offsetting the effects of the dominance that Grupo Vierci would acquire as a result of the operation in both relevant markets affected. As for the conditions imposed; these are structural and behavioral.

The final merger case was Grupo Azeta/Biggie, which involved the share purchase agreement of 50% of Biggie and Foodie by Grupo Azeta, which was entering the retail sector. CONACOM authorized the operation as it was only an alteration of the shareholding composition of these companies.

The advocacy case was a regulatory opinion on a bill that would have imposed a minimum price for the herb *yerba mate*, which is an integral part of the traditional drink *tereré*. Any sale with a price lower than the one established by the commission would be liable to penalties. CONACOM considered that setting prices is a barrier to competition, affecting the ability to seize advantages producers may have in the economic structures to set a competitive price and recommended -twice- that the bill should not be passed. The Presidency of the Republic vetoed the law that was originally passed by Congress.

Poland

The Polish contribution focuses on the impact of agricultural commodity traders on the economic situation of suppliers. Remarks are based on two reports published in 2024: SOMO's „Hungry for profits” and „A new merger wave in the agri-food value chain? Some reflections on the Bunge/Viterra merger” written by Ioannis Lianos, Stavros Makris and Jean-Benoit Maisin with the contribution of Alina Velias. Both reports provide a detailed analysis of the deepening concentration of the global grain market and its potential consequences. The input also highlights the role of UTP regulations and the Polish Office of Competition and Consumer Protection's recent actions regarding commodity traders and the unfair use of the contractual advantage.

Portugal

Competition in the food supply chain is essential for maintaining lower prices, through downward pressure on profit margins and costs, to the benefit of consumer welfare and competitiveness of the economy.

The Portuguese Competition Authority (AdC) actively emphasizes the relevance of competition policy helping to protect the purchasing power of households, with recommendations to the government and to firms.

In addition, the AdC has recently investigated and issued several sanctioning decisions involving food-based retail distribution companies and their common suppliers.

The key elements of these investigations were to understand the incentives of both retailers (i.e., grocery chains) and suppliers to participate in the collusive scheme, as well as the respective bargaining power. As such, on the one hand retailers have an incentive to put pressure on suppliers as to obtain better supply offers and gain an edge downstream, on the other hand suppliers aim to avoid a reduction in their own margins.

Following these investigations, the AdC published a paper on “*Defence of competition in times of inflation: Recommendations on the value chain of consumer goods*”⁷, which aims to raise awareness among firms along the value chain of consumer goods of the importance of adopting strategies in line with the best competition practices.

Moreover, in the context of inflation, the AdC reached out to stakeholders in Portugal, publishing an issues paper on “*Competition and purchasing power in times of inflation*”⁸.

The AdC is vigilant and committed to make good use of its entire toolkit, advocating for pro-competitive policies, providing guidance and defending the market from any distortion or restriction of competition.

⁷ Available [here](#).

⁸ Available [here](#).

Romania

The Romanian Competition Council has been actively addressing various market concerns to ensure fair competition, particularly in the agricultural and food sectors. RCC opened investigations into price-fixing agreements in sunflower oil, butter, and sugar production markets. Additionally, the implementation of Emergency Ordinance No. 67/2023, which curbs excessive price increases for agricultural products, is being closely tracked, with the measure extended throughout 2024.

Meanwhile, the enforcement of Law No. 81/2022 against unfair trade practices continues, with ongoing investigations, such as one involving the retail chain PROFI. Additionally, the Council has enhanced its "Price Monitor" platform, allowing consumers to track food prices in real-time, including those affected by capped margins, ensuring greater market transparency and consumer protection. Finally, RCC is finalizing the biggest merger analysis in retail, between Mega Image and Profi.

Slovak Republic

This contribution provides an analysis of the structure, competitive dynamics, and pricing trends in Slovakia's agri-food sector in comparison with development in other EU countries. Recent shifts caused by Covid-19 and energy crises have created additional challenges for consumers, farmers and businesses at every stage of the food value chain. The analysis highlights the need for greater market transparency and regulatory consistency, which are essential to foster competition. It also points out to specific sectors where lack of competition might be a market problem (mainly manufacturing), but also stresses the fact low productivity and low investment in agriculture and food processing could influence price developments more than the state of competition. Furthermore, the contribution provides a short review of recent AMO's investigations in the area of RPM, TSC and price agreements in the food retail sector.

Slovenia

Slovenian Competition Protection Agency (CPA) acts a designated enforcement authority for unfair trading practices in the food supply chain. In this role it oversees potential illicit actions of the stakeholders in the agricultural and food supply chain, as defined in the Agriculture Act. The CPA also monitors potential infringements of the Prevention of the Restriction of Competition Act in the agricultural sector.

Agriculture and closely connected field of food safety is intensely regulated on a national level, as well as on the level of the European Union. With that said, the specifics of agricultural environment in Slovenia colour the application and enforcement of these laws. Slovenian agriculture is characterised by high level of fragmentation; in other words, a large number of very small farms. In the total area of 20 273 km², there are 68.331 farms or agriculture holdings which utilize on average 6,9ha (69.000m² or 0,069km²) agricultural area per holding. In comparison – neighbouring Austria with an area of 83.878km² has about 110.000 farms with average size of 20ha. Food supply chain in a broader sense is also somewhat characterised by a very large number of household gardens, since data shows that around 60% of the households grow a vegetable garden for their own consumption.

Farmers frequently sell their produce at farmers markets throughout the country. Each market is regulated by a *market order* which specifies market areas, opening hours, rights and obligations of stakeholders, rules regarding order and cleanliness, fees, and similar. Market orders may also include provisions on the types of produce that is allowed or prohibited to be sold in the particular market, and other particularities. Pricing is determined by vendors themselves and besides doing their own analysis of checking the prices on neighbouring stalls, there are online price comparison tools available to help them determine price of their produce.

In 2022 the CPA issued an infringement decision in the Wheat buying cartel case. It was found that five big wheat buyers (including mills, bread and pastry producers, and producers of meat products that use wheat as animal feed) met at an informal business lunch in July 2020, where one of them disclosed their intended wheat buying prices. In the following days all of the attendees adjusted their price list to identical or minimally different prices. The business lunch where the illegal agreement was concluded took place immediately after the annual Wheat conference, where all the stakeholders of the Slovenian wheat chain discuss the conditions on the wheat market. While the organisations such as Slovenian wheat chain are permitted under the EU regulation, price fixing, such as in this case is not. The decision has been appealed and is currently still under judicial review.

With a rapid growth of the price of food in 2022 the Ministry of Agriculture, Forestry and Food decided to carry out an inventory of prices of ‘basket of basic foodstuffs’. The government tracked and regularly published prices of 15 basic foodstuffs from September 2022 to December 2023. While the reasoning for this measure was to inform consumers of the most affordable ‘basket’, there was much public criticism against the measure due to its poor execution (dishonest reporting, announced visits, extreme offers...). With this backdrop, in 2023 the CPA conducted a market research of pricing of selected foodstuffs. While the market research discovered a high degree of transparency in the relevant market, it also revealed some illicit practices according to Agriculture Act.

Furthermore, the CPA conducted a market research into potential unfair trading practices in marketing activities between buyers and food suppliers in 2024. Also this time the CPA found some illicit practices according to Agriculture Act.

Following both of the quoted market research, the CPA undertook appropriate measures against suspected infringers and took further steps in to inquiries against potential infringers.

South Africa

As a key role player and regulator, the Competition Commission of South Africa's (CCSA) mandate is to contribute solutions to South Africa's economic challenges including the issue of rising food prices through effective competition enforcement, and merger regulation. These challenges also require a strategic approach, where the Commission is not only responsive to market developments, but also proactive in addressing the economic challenges faced by the country with the tools at its disposal. In this regard, the food and agro-processing sectors were specifically identified as priority sectors for the CCSA at the institution's inception given their influence on key staple zero-rated products namely bread, flour, maize meal and cooking oil. More recently, the 7th Administration has identified addressing the high cost of living as one of a few national priorities for the next five year term.

The disruptions of the past 4 - 5 years have resulted in an intensified focus on the functioning of food markets as the world has grappled with the Covid-19 pandemic and the subsequent inflationary episode.

In this submission, we draw on the CCSA's investigative and research work in food supply chains detailing the features of food supply chains in South Africa, some of the outcomes observed because of the features, and how the CCSA has intervened to correct for uncompetitive market features and outcomes. We conclude with recommendations on how competition authorities can improve the functioning of food supply chains within their countries and globally.

Sweden

In light of rising food prices in 2022 and 2023, and within the context of a government-assigned inquiry, the Swedish Competition Authority (SCA) has conducted a series of studies within the food supply chain. The contribution summarises insights from these studies by explaining the competition concerns identified and presenting recommendations of how to promote competition.

An overall conclusion that the SCA can draw from its studies of the food supply chain is that there are shortcomings in competition in several respects. The contribution notes a high level of market concentration at several stages in the food value chain, and explains lock-ins and imbalances through agreements and trade practices, as well as the existence of various forms of entry barriers. This means that consumers pay more for many foods than they should need to, and that money does not always end up where it is needed to provide incentives for market entry, investment and increased production.

The contribution highlights recommendations such as making it easier for grocery retailers to set up new stores, increasing flexibility for grocery retailers in terms of purchasing and product launches, promoting flexibility for primary producers in relation to processors, introducing stricter merger control to counteract high market concentration, and examining the need for a market investigation tool.

Chinese Taipei

With limited natural resources and low food self-sufficiency, upstream and midstream operators in Chinese Taipei are highly dependent on imports of raw materials for food production and manufacturing. Between 2020 and 2023, international food trade faced severe disruptions due to extreme weather conditions, the COVID-19 pandemic, global port congestion, geopolitical conflicts, and avian flu outbreaks, which led to significant cost increases for imported commodities. Rising costs further resulted in higher prices charged by midstream and downstream operators in the food supply chain. In response to inflated prices, the Ministry of Agriculture has implemented a series of administrative measures under relevant regulations. Typically, the Chinese Taipei Fair Trade Commission (the CTFTC) will not intervene into these administrative measures after considering the impact on market competition and the benefits for the general public.

The CTFTC is a government agency enforcing the Fair Trade Act (the FTA). Provisions on pricing include improper price setting by monopolies, price fixing among competitors and resale price maintenance imposed without justification by upstream firms on downstream firms. From 2020 to 2023, the CTFTC actively monitored prices of essential agricultural products, commodities and finished goods. The CTFTC also conducted on-site inspections into food suppliers who provided food to major restaurant businesses, in order to acquire a full understanding of the causes of price hikes in staple food and essential raw material such as urea fertilizer and eggs, and detect any violation of the FTA. It launched several investigations into alleged concerted actions for the supply of corn, garlic, flour, and dried scallops. During investigation, the CTFTC found evidence of price fixing in dried scallops, and imposed significant fines on cartel participants.

Maintaining a balance between supply and demand in the food supply chain and stabilizing prices have been a key policy priority for the government. Since December 2021, the inter-ministerial ‘Price Inspection Task Force’ under the Executive Yuan has been operating on a regular basis. The Task Force traces back purchase costs through on-site inspections conducted jointly by member agencies, and analyzes whether the level of price increases can be justified. These enforcement actions created a deterrent effect on market participants to prevent them from engaging in price gouging or concerted actions. This in turn can help to stabilize consumer expectation on price, and have a noticeable effect on ensuring the stable production and distribution, and effective competition across all levels of the domestic food supply chain.

The CTFTC pays close attention to mergers between large retail chains, and actively looks into anti-competitive practices involving misuse of buyer power. When reviewing mergers between large retail chains, the CTFTC continues to cautiously examine post-merger supply contracts. In such mergers, the CTFTC often imposes behavioral remedies to limit the buyer power of large retail chains, in order to protect the interests of upstream and midstream food suppliers as well as consumers’ interests. Recent merger cases include Carrefour’s acquisition of Wellcome, PX Mart’s acquisition of RT-Mart, and Uni-President’s buyout of Carrefour.

UNCTAD

Competition in food supply chains is of key importance for development today for several reasons. First, the food supply chain connects three economically important sectors: the agricultural sector, the food processing industry, and the distribution sectors. As the food processing industry and the distribution sectors have many interactions with other sectors, market malfunctioning along the food supply chain can have significant repercussions for food security, for employment, for equality and for economic growth, among others. Second, important changes have taken place in this industry in recent years. Technological development in the food production, processing and distribution has changed the way food value chains operate, at the same time resulting in changes in both vertical and horizontal relations in these value chains. Similarly, significant changes in the preferences of consumers, especially those of some developing and emerging countries which have seen their disposable income rise significantly in recent years, have also resulted in horizontal and vertical changes, for example as a result of the increasing importance of differentiation in food products and of quality in general. Finally, more general societal trends (e.g. healthy food, organic food, e-commerce, m-commerce) have inevitably affected the structure of the industry and the behaviour of the different actors.

This contribution examines some of the key issues that confront competition authorities in connection with competition in the food supply chain, notably including inputs. In particular, the contribution explores some of the developments that emerges to address challenges faced by competition, in order to guarantee a smooth functioning of the global food systems. It also proposes some recommendations on policy options for developing countries.

United States

The U.S. Federal Trade Commission (“FTC”) and Antitrust Division of the U.S. Department of Justice (“DOJ”) (collectively, “the Agencies”) take a comprehensive approach to addressing competition issues in the U.S. food supply chain. In particular, the Agencies enforce a range of general and industry-specific statutes to challenge anticompetitive mergers and conduct by market participants at all levels of the food supply chain, including suppliers of inputs used in food production; farmers, growers, and food manufacturers; distributors of food to restaurants and food retailers; and food retailers. The Agencies seek to promote competition in the food supply chain for the benefit of consumers, farmers, workers, retailers, and restaurants.

As in many other key sectors, the Agencies complement their enforcement efforts in the U.S. food supply chain by conducting timely and thorough industry studies and advocating for procompetitive policies. This work enables the Agencies to build a holistic understanding of the competition issues throughout the food supply chain and address those where enforcement actions may not be possible. In certain instances, the Agencies have worked with other federal agencies in “whole of government” efforts to promote competition in certain parts of the food supply chain.

Yemen

The global food supply chain is facing increasing pressures from population growth and environmental challenges, but also from conflicts and governmental policies.

And this situation is particularly acute in Yemen due to ongoing conflict, economic instability, and severe logistical constraints.

Indeed, the food supply chain in Yemen is characterized by significant challenges and competitive dynamics influencing it.

First, Yemen's food supply chain involves a range of activities from agricultural production to distribution and consumption. That is why Yemen's agricultural sector is essential to its food supply chain. However, it faces numerous obstacles including dry climate conditions, limited cultivable land as well as inadequate water resources. Despite these challenges, Yemeni farmers cultivate a variety of crops such as wheat and barley.

Due to the limitations in local agricultural production, Yemen heavily relies on food imports to meet its needs. This dependency also creates a competitive environment in the international food market. Yemen competes with other countries for imports of staples like rice, wheat, and cooking oil. Trade policies and global market prices play crucial roles in shaping this competitive landscape.

Yemen heavily relying on imported food and fuel, is leading to international market changes, such as price increases and supply disruptions within its country. Local factors like exchange rates, currency access, and price controls also impact food costs and household affordability.

In 2020, ACAPS analyzed Yemen's food supply chain and found that financial challenges, such as exchange rate instability and limited credit access, were major issues for traders. The conflict between the Houthis (now the authority in the north) and the Internationally Recognized Government of Yemen over import financing, along with rising transportation costs, further complicated the situation.

Moreover, between January 2021 and June 2023, Yemen's food supply chain was significantly affected by the global market, especially following the Russian invasion of Ukraine in February 2022. This conflict disrupted wheat and fuel supplies from Russia, Ukraine, and India, causing international prices to rise. Yemeni importers first covered these costs but later made consumers pay more, lowering households purchasing power.

But still, Yemen has significant advantages that should be leveraged, particularly in the fishing sector. Yemen has the longest coastline in the region, and its fishing industry used to be the third most important sector in its economy. However, the sector has been severely affected by the ongoing conflict, especially due to the Red Sea crisis. The war has destroyed fishing boats and infrastructure, and limited access to export markets. Despite its potential, the fishing industry in Yemen is now underexploited due to poor infrastructure, inadequate landing sites, and limited access to power. Financial support and better management could significantly boost production and improve the country's food supply chain.

Thus, the food supply chain in Yemen presents a unique case of competition shaped by a combination of local and international factors. From agricultural production to import dependence, distribution challenges, and market dynamics, the competitive landscape is influenced by a range of issues, including the impact of conflict and government policies. Addressing these challenges requires a coordinated approach to establish an efficient regulation and ensure food security in Yemen.