

Competition Commission “Combat Market Sharing Cartels”

Educational Video – Subtitles

A Bite of Conspiracy – Part I

- Voice-over: The “mushroom pavilion” (cooked food stall) is a place where I visit every night. I come here for dinner no matter how tired I am. *Kitchen L’Amour* is my personal “Michelin-starred” restaurant. I love to come here for some “me time”.
- Super: A Bite of Conspiracy – Part I
- Voice-over: The Braised Tofu and Roast Pork Rice served here is my all-time favourite. Crispy on the outside and tender on the inside, with a balanced meat-fat ratio, the roast pork goes perfectly with soy-rich tofu and a bowl of rice with the right texture. Topped with sizzling gravy, all ingredients are in divine harmony. I always enjoy every single bite of the Braised Tofu and Roast Pork Rice...until tonight...
- Voice-over: Excuse me, why does the roast pork taste different tonight?
- Voice-over: (Sigh), I know it doesn’t taste as good and it is even more expensive than before. The roast pork is from a different supplier so its taste and texture are totally different.
- Voice-over: Then why did you change the supplier?
- Voice-over: It’s not by choice!
My original supplier, *Tai Fung*, stopped supplying to this area. They told me to buy from *Cheung Hing* whose products are of poorer quality and more expensive. But I have no choice because they are the only supplier in this area.
- Voice-over: Any idea why it happened?
- Voice-over: The delivery boy from *Cheung Hing* secretly told me that the three big roast pork suppliers in Hong Kong, *Tai Fung*, *Cheung Hing* and *Wing Cheung*, collude to carve up markets by territories, so that they don’t have to compete with each other. They can then raise prices in their allotted markets and gain more profits. *Cheung Hing* is taking over all the business in this area.
- Voice-over: Um...sounds like there’s a big conspiracy behind.
- Voice-over: What conspiracy?
- Voice-over: Market sharing!
- Voice-over: Market sharing is when competitors agree to carve up markets between themselves. They then face less competitive pressure and can even enjoy monopoly power in their respective allotted markets. Market sharing can occur in different forms, e.g. competitors can allocate geographical areas. They agree to sell only to customers in their allotted areas, and agree not to “cross the boundary”. Competitors might also allocate customers or classes of customers, or tacitly agree not to sell to each other’s customers and even encourage customers to stay with their existing suppliers when they want to change suppliers.

This will leave customers with no choice and they can raise prices however they like.
Whatever form it is, market sharing is a contravention of the Competition Ordinance!

Voice-over: Do you understand?

Voice-over: I got it now! They limit our choices by doing so.
With *Cheung Hing* now being our only supplier,
they can do whatever they want, harming my business and my customers.

Voice-over: Report market sharing, contact the Competition Commission.

Super: 
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