

## **TCCT Ensures CP's Compliance with 7 Retail Merger Conditions and Forbids Unlawful Market Domination**

Mr. Somsak Kiatichailak, Secretary-General of the TCCT, stated that as the Office of Trade Competition Commission (TCCT) had imposed seven conditions for approval of Charoen Pokphand Group's retail merger, the Charoen Pokphand Group notified the TCCT of the merger on 18 January 2021, and the TCCT ensured strict compliance of the Charoen Pokphand Group's retail affiliates to the conditions after the merger. The TCCT also drafted a guideline for inspection and monitoring of compliance to ensure free and fair competition in the consumer goods retail market, along with support to the SMEs, requiring the Charoen Pokphand Group to report performance as stipulated in 1 April 2021 and then every quarter to allow the TCCT to closely monitor and inspect its business.

- (1) the Charoen Pokphand Group-affiliated retailers such as Charoen Pokphand Foods PCL, CPALL PCL, Ek-Chai Distribution System Company Limited and Siam Makro PCL, and other relevant companies shall make written guarantees not to merge with other retail businesses for another three years, and in case of purchase of stock or asset of other retailers in the stock exchange, or any other retailers/wholesalers that do not meet the merger criteria, such purchase shall be reported to the TCCT within 15 days.
- (2) The CP ALL PCL and Ek-Chai Distribution System Company Limited shall inform the TCCT of plans to increase sales share of SMES such as agricultural products, community agricultural products, community products, OTOP products and any other products. The share is required to increase from 2020 at the minimum of 10% per annum for 5 years, and performance has to be reported at the first quarter of every year.
- (3) the Charoen Pokphand Group-affiliated modern retailers such as Charoen Pokphand Foods PCL, CPALL PCL, Ek-Chai Distribution System Company Limited and Siam Makro PCL shall have a written guarantee not to share or exchange marketing information pertaining to manufacturers or sellers of goods or raw material.
- (4) The Ek-Chai Distribution System Company Limited shall maintain terms and conditions of the agreement with the original dealers of raw material and goods as made before the merger for two years, unless such change is beneficial to the original dealers of raw material and goods. In such case, the original dealers of raw material and goods must give consent to the change, and performance shall be reported to the TCCT every quarter.
- (5) The CP ALL PCL and Ek-Chai Distribution System Company Limited shall grant credit term to SMEs of agricultural products, community products and OTOP products for not more than 30 days, and other product groups not more than 45 days for three years. If there are agreements on shorter credit term, those shall be upheld. All credit terms to all SMEs shall be reported on 1 April 2021 and then performance shall be reported every quarter.
- (6) The CP ALL PCL and Ek-Chai Distribution System Company Limited shall report performance such as branch information, expansion or closure of branches nationwide on 1 April 2021, and report such information along with sales (grouped by product type) regularly every six months.
- (7) the Charoen Pokphand Group-affiliated modern retailers such as Charoen Pokphand Foods PCL, CPALL PCL, Ek-Chai Distribution System Company Limited and Siam Makro PCL shall make and publish the code of conduct to the public on 1 April 2021 and comply with the

code of conduct, along with announcement of the TCCT Guideline for Unfair Trade Practice Between Retailer and Manufacturer or Dealer B.E. 2562.

Furthermore, the Charoen Pokphand Group-affiliated modern retailers, the current dominant player, shall not engage in actions prohibited for dominant players by Article 50 of the Trade Competition Act B.E. 2560 (2017).

The Secretary-General of the TCCT added that the TCCT shall strictly monitor and govern actions of the CP group in the modern retail market according to the period and seven conditions stated above. In case of violation, there shall be administrative fine of not over 0.5% of the entire business value in merger, and there shall be prison term of not over 2 years or fine of not over 10% of the annual revenue of that year, or both, for violation of the prohibitions for dominant players.

If non-compliance is found by any entrepreneur, a complaint may be submitted to the TCCT at the phone number 02 199 5444 or website [www.TCCT.or.th](http://www.TCCT.or.th). Any violation shall be penalized strictly according to the trade competition laws.