



# **Market Research on Exclusive Distribution Agreements in the Aruban Market**

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## SUMMARY

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The Aruba Fair Trade Authority (AFTA) conducted an in-depth market research on exclusive distribution agreements for nondurable consumer goods (hereinafter: “food products”)<sup>1</sup> in the Aruban market. This was prompted by earlier research conducted by the AFTA in 2024, in which it was concluded that such agreements may affect competition and pricing and, consequently, partly explain the relatively high prices of food products in Aruba.

Market research is different from an enforcement investigation, which is initiated when there are suspicions that a violation has been committed. Such suspicions do not exist in the case of market research, but the results may give rise to initiating an enforcement investigation.

For this research, the AFTA used various research methods, namely documents analysis and semi-structured interviews. In addition, based on Article 5.1, third paragraph, subparagraph a, of the Competition Ordinance, requests for information were sent to companies to obtain relevant documents and data, such as distribution agreements. Market participants are obligated to cooperate, including by answering questions and requests for information accurately and completely. A violation of this obligation to cooperate may be sanctioned by AFTA with a fine.<sup>2</sup>

The research focused on the nature, scope and effects of exclusive distribution agreements, with particular attention to their impact on market access, pricing, parallel imports and competition in Aruba. During the research, the AFTA came across the operation of the “Canasta Basico”<sup>3</sup>. Although this topic did not form part of the original research objective, the AFTA decided to examine this further and made specific recommendations based on its findings.

### Key findings

- **De facto exclusive distribution relationships:** Although this research originally focused on exclusive distribution agreements, it showed that such written agreements are relatively rare. In actual practice, there are often de facto exclusive distribution relationships, whereby one distributor<sup>4</sup> structurally acts as the sole supplier of a brand or branded product in Aruba, without this being recorded in writing. Therefore, the question is whether the distributor can invoke this exclusivity in a legal sense vis-à-vis the supplier. This will depend on the circumstances of the case. In any case, this de facto exclusivity generally has similar effects on market access and competition as formal exclusive distribution agreements.

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<sup>1</sup> For the purposes of this research, food products (non-durable consumer goods) are defined as goods that are consumed quickly and need to be repurchased regularly, such as foodstuffs, cleaning products and hygiene products.

<sup>2</sup> Article 6.1, second paragraph, of the Competition Ordinance.

<sup>3</sup> A list of basic goods of which the prices are regulated by the Government to ensure affordability for the consumer.

<sup>4</sup> A distributor imports and supplies products from brand owners to retailers. In doing so, the distributor is often granted exclusive rights for a specific territory or customer base.

- **Market structure:** Imports in the Aruban market are dominated by a limited number of distributors with de facto exclusive brand rights, resulting in an oligopolistic market structure<sup>5</sup> for a large number of products. Due to established relationships between distributors and suppliers and the limited incentive for suppliers to hire additional local distributors, given the size of the Aruban market, new importers/distributors experience high entry barriers.
- **Competition:** There is interbrand competition (between brands), but intrabrand competition (within the same brand) is largely lacking because suppliers typically cooperate exclusively with one local distributor, usually without such cooperation being based on legally enforceable and written exclusivity agreements. In addition, the relatively small size of the domestic market often makes it unattractive for importers to compete at brand or product level. At retail level, there is considerable competition between supermarkets, neighborhood supermarkets and mini-markets.
- **Parallel imports:** Parallel imports<sup>6</sup> can strengthen intrabrand competition by making products of the same brand available through alternative channels, outside the official distribution network. In actual practice, parallel imports are mainly accessible to larger supermarkets with sufficient purchasing power and logistical capacity. There are indications that certain neighborhood supermarkets and mini-markets also engage in parallel imports on a joint basis, but the frequency and extent of this could not be determined with certainty within the scope of this research. Based on the available data, the effect of parallel imports on overall market operation appears to be limited.
- **Vertical integration:** Many distributors are also active at retail level. This vertical integration may pose competition risks, as integrated distributors have an incentive to favor their own points of sale through more favorable prices, better availability or exclusive promotions. In addition, they have access to commercial information from competing buyers, which can give them a strategic advantage and further raise entry barriers.
- **Price structure and perception:** Data from the Central Bureau of Statistics (CBS) show that large supermarkets structurally charge lower prices than neighborhood supermarkets and mini-markets for most product categories, despite the public perception that large supermarkets are more expensive.
- **Competition law assessment:** The distribution agreements examined generally do not contain any restrictions of competition, such as vertical price fixing, exclusive purchasing obligations or limitations on parallel imports, and are therefore not, in themselves, in breach of the Competition Ordinance. Furthermore, since the entry into force of the Competition Ordinance on January 1, 2024, there have been no indications of (a threat of) boycotts, refusal to supply or other sanctions in response to detected or suspected parallel imports. However, there are signs that such conduct did occur before that time.

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<sup>5</sup> An oligopolistic market is a type of market in which a limited number of companies determine large part of the supply and serve the market.

<sup>6</sup> Import of original branded products outside the official distributor.

- **Canasta Basico:** In its current form, the *Canasta Basico* provides insufficient protection against international price fluctuations and is, in practice, partly circumvented, causing it to fall short of its objective of offering a number of basic food products to consumers at low prices. As a result, this instrument is ineffective and may even have a market-distorting effect. The AFTA therefore recommends that the instrument be reconsidered so that supply and demand, supported by healthy competition, play the primary role in ensuring the affordability of food products in Aruba.

## **Conclusion**

Although exclusive distribution agreements are not, in themselves, prohibited under the Competition Ordinance, this study shows that the combination of de facto exclusivity, limited intrabrand competition, high entry barriers and vertical integration creates structural risks to healthy competition. Parallel imports can strengthen intrabrand competition, but in practice remain primarily accessible to larger supermarkets due to logistical and scale advantages. aspects and scale advantages.

Based on this study, it cannot be concluded that exclusive distribution agreements explain the relatively high prices of food products in Aruba. However, there are indications that the widespread de facto exclusive distribution relationships, combined with limited level of parallel imports, contribute to this, without necessarily constituting a violation of the competition rules.

AFTA therefore calls on market participants to report to the authority any suspicions of exclusive agreements in the distribution of food products in Aruba, as well as any restrictions on parallel imports imposed by suppliers or local distributors, particularly in markets where there is little intrabrand competition. Based on these reports, the AFTA can then conduct further investigations and, if necessary, take enforcement action.

# 1 INTRODUCTION

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## 1.1 BACKGROUND

In 2024, the Aruba Fair Trade Authority (AFTA) conducted a study into prices and the market structure within Aruba's food sector.<sup>7</sup> That study revealed—in summary—indications that exclusive distribution agreements may affect pricing and competition dynamics within this sector. Following these findings, the board of the AFTA decided to initiate a follow-up investigation with a broader focus on both food products and other essential consumer goods, such as hygiene and cleaning products.

The investigation was carried out among a selected number of local distributors<sup>8</sup> and retailers (supermarkets). Particular attention was given to the nature and functioning of exclusive distribution agreements, and the extent to which these agreements affect availability, pricing, and competition. The study also examined whether there were any behaviors that might potentially violate competition rules, such as vertical price-fixing or the obstruction of parallel imports.

## 1.2 PURPOSE AND SCOPE OF THE INVESTIGATION

The objective of this market study is to gain insight into the nature, scope, and effects of exclusive distribution agreements in the Aruban market for food products and other essential consumer goods. Such (formal or informal) exclusivity structures, where producers or exporters grant exclusive rights to specific local distributors, may have both positive and negative consequences for competition, market functioning, pricing, and product availability.

The study focuses on three central questions:

- What is the nature and scope of exclusive distribution agreements in Aruba?
- What are the potential advantages and disadvantages of these agreements for market participants and consumers?
- To what extent do these agreements, or related practices, lead to market distortions such as higher prices or obstruction of parallel imports?

The scope of the study was deliberately defined more broadly than the previous food sector study, in order to obtain a more complete picture of market dynamics for food products. Many distribution agreements include provisions, not only for food products, but also for multiple product categories of the same brand or corporate group. For example hygiene products, cleaning supplies, and medicines the same brand or corporate group. For this reason, the study focuses not only on food products, but also on other essential goods such as cleaning and hygiene products. Specific attention was given to the effects of exclusive distribution on both interbrand competition (competition between different brands) and intrabrand competition (competition within the same

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<sup>7</sup> [Marktonderzoek Voedingsmiddelen - AFTA](#)

<sup>8</sup> The selection of the distributors contacted was based on information obtained during AFTA's market study on food products. The largest supermarkets were asked from which distributors they purchase the majority of their products, in terms of both volume and number.

brand by different sellers or sales channels), and to how additional behaviors can restrict competition.

### **1.3 METHODOLOGY**

A qualitative and exploratory approach was chosen for this study. The methodology consisted of two main components: targeted written information requests to local distributors and retailers, and (verbal and in-person) interviews with market participants.

The semi-structured interviews allowed for in-depth discussions tailored to each interviewee, providing valuable insights into the practice of exclusive distribution, negotiation dynamics, and competitive effects. In addition, information requests were issued to the distributors to obtain insight into their contractual arrangements with producers or suppliers, with specific attention to exclusivity clauses, pricing agreements, delivery conditions, and any restrictions on resale or parallel imports.

Although this approach yielded valuable information, it should be noted that not all stakeholders were willing to participate in the interviews, and not all distributors were willing to provide full access to their distribution agreements. This has somewhat limited the completeness of the study, but the collected data nevertheless provide a broad picture of key relationships and behaviors.

The interviews were conducted on a confidential basis. To protect the anonymity of the interviewed market participants, no company or individual names are disclosed in this report. Findings are presented in aggregated form and cannot be traced back to individual respondents.

### **1.4 READER'S GUIDE**

Chapter 2 discusses the functioning of exclusive distribution agreements, including their positive and negative effects, and their specific impact in small-scale markets. Chapter 3 describes the market structure and the roles of producers, distributors, retailers, and consumers. Chapter 4 presents the findings, including competitive dynamics, distributor behavior, parallel imports, entry barriers, and consumer effects. Chapter 5 then addresses price regulation, effectiveness, and recommendations for future policy, followed by the study's conclusion in Chapter 6.

### **1.5 NOTE ON ONGOING LEGAL PROCEEDINGS**

At the time of drafting this report, court proceedings are pending between AFTA and a distributor that failed to comply with an information request pursuant to Article 5.1, third paragraph, subparagraph a of the Competition Ordinance. Although everyone is obliged under Article 5.1, seventh paragraph, of the Competition Ordinance to cooperate with such requests, the requested information has, in this case, not yet been fully provided. Given the uncertain duration of the ongoing proceedings, AFTA has decided to publish the report. Should the requested information be provided at a later stage and give cause to amend the conclusions, AFTA will update the report accordingly.

## 2 EXCLUSIVE DISTRIBUTION AGREEMENTS

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Exclusive distribution is a common model within vertical trading relationships. In such arrangements, a supplier grants one or several distributors the exclusive right to sell certain products within a specific geographic area or to a defined customer group.<sup>9</sup> These types of vertical agreements are, in principle, permitted under the Competition Ordinance, provided that they (1) do not noticeably restrict competition and (2) do not contain any *per se* prohibited provisions.

*Per se* prohibited agreements, within the meaning of Article 2.1, paragraph 2 of the Competition Ordinance, include vertical agreements between undertakings that are always prohibited, regardless of their actual impact on competition or the market share of the parties involved. Examples include:

- price agreements (such as vertical price-fixing<sup>10</sup>);
- market-sharing agreements (such as obstruction of parallel imports or restricting resale, including bans on passive sales<sup>11</sup>);
- restricting or controlling production or sales (for example, jointly agreeing to reduce the number of products placed on the market, or dividing sales quotas among distributors).

If an (exclusive) distribution agreement does not contain a *per se* prohibited clause, a market analysis is required to assess whether the agreement appreciably restricts competition. This assessment considers, among other things:

- the market share of the parties involved<sup>12</sup>;
- the presence of additional competition-restricting conduct; and
- the presence of economic benefits that counterbalance any potential negative effects on competition (efficiency gains)<sup>13</sup>.

In assessing exclusive distribution, one aspect requires particular attention: the impact on market access for other distributors or importers. When an exclusive distribution agreement is accompanied by absolute territorial protection, such as prohibiting parallel imports or restricting passive sales, these restrictions are prohibited under the Competition Ordinance, regardless of the market share of the parties involved.

The following sections of this chapter discuss the positive and negative effects of (de facto) exclusive distribution agreements, with particular attention to the characteristics of the Aruban market, such as scale and import dependence.

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<sup>9</sup> According to Article 1(1)(h) of the Block Exemption Regulation (Regulation (EU) 2022/720), an exclusive distribution system is defined as: “A distribution system in which the supplier allocates a territory or a customer group exclusively to itself or to no more than five purchasers, and restricts all its other purchasers from actively selling into the exclusive territory or to the exclusive customer group.”

<sup>10</sup> This means that the supplier or distributor restricts the buyer’s freedom to set its own resale price. This includes, for example, the imposition of fixed or minimum resale prices. The use of a recommended resale price or the imposition of a maximum resale price is permitted.

<sup>11</sup> Passive sales refer to responding to unsolicited requests from individual customers outside a distributor’s exclusive territory, without the distributor actively advertising or approaching customers in that territory. Examples include processing online orders from customers in other regions or supplying customers who initiate contact themselves.

<sup>12</sup> Article 2.2, paragraph 1, of the Competition Ordinance.

<sup>13</sup> Article 2.3, paragraph 1, of the Competition Ordinance.

## 2.1 POSITIVE EFFECTS OF EXCLUSIVE DISTRIBUTION AGREEMENTS

Exclusivity can, in various market conditions, generate benefits for suppliers and distributors, as well as for consumers. When a distributor is assured of protection against direct competition, they are generally more willing to invest in brand development, marketing, inventory management, and customer service. This encourages a more professional and efficient approach to the market. Logistics and promotional activities can also be organized more effectively, as economies of scale can be achieved within an exclusive territory or customer segment.<sup>14</sup>

In some cases, exclusivity is even a necessary condition for successfully introducing a new or unknown product to the market. Without some form of protection, distributors may be reluctant to assume the costs and risks associated with market entry. Exclusive distribution also helps safeguard brand image and product quality: suppliers maintain better oversight of how their products are presented, priced, and sold. It also reduces the so-called “free-rider problem,” where retailers benefit from the investments of others without making investments themselves.<sup>15</sup>

## 2.2 NEGATIVE EFFECTS OF EXCLUSIVE DISTRIBUTION AGREEMENTS

While exclusive distribution agreements can offer clear benefits, they also carry risks, especially when applied on a large scale.

A key risk is that exclusive distribution can lead to a reduction in intrabrand competition. This means that businesses selling the same brand compete less, or not at all, on price or service, because a single distributor often retains exclusive access to a product or product line.

Exclusive distribution can also result in market foreclosure: new distributors or entrants are excluded, reducing competitive pressure and market innovation. This risk is exacerbated when parallel imports are made difficult in practice.<sup>16</sup>

In small or geographically isolated markets, the widespread use of multiple exclusive distribution agreements can further diminish market dynamism. This can result in reduced competition, weaker price pressure, and diminished incentives for innovation, ultimately limiting consumer choice. Such behavior is not, in itself, prohibited under the Competition Ordinance as long as there are no explicit agreements or concerted practices between distributors to divide markets. However, it does constitute an economic risk as it may reduce competitive pressure, something that can significantly weaken market functioning in a small island economy.

In general, a restriction of intrabrand competition is less harmful than a restriction of interbrand competition (competition between brands). As long as sufficient interbrand competition exists, distributors retain incentives to set competitive prices, since higher prices under otherwise equal conditions would likely lead to a loss of market share.

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<sup>14</sup> European Commission, Guidelines on Vertical Restraints (2022/C 248/01), para. 12-17

<sup>15</sup> European Commission, Guidelines on Vertical Restraints (2022/C 248/01), para. 12-17

<sup>16</sup> European Commission, Guidelines on Vertical Restraints (2022/C 248/01), para. 18-22

## 2.3 EXCLUSIVE DISTRIBUTION IN SMALL-SCALE MARKETS

In practice, exclusive distribution on Aruba often takes the form of a single local distributor holding *de facto* exclusive rights to sell branded products, even without an explicit agreement or contract. Due to the island's small scale and its logistical realities, it is generally not economically viable for suppliers to appoint multiple distributors for the same brand. Likewise, for distributors, brand-level competition is often unattractive for the same reason, as it raises concerns about a race to the bottom.<sup>17</sup> This results in a market in which interbrand competition (between brands) is still present, but intrabrand competition at the distribution level (within the same brand) is virtually absent, except for a limited number of parallel import cases.

The European Commission acknowledges in its *Guidelines on Vertical Restraints*<sup>18</sup> that such structures in small-scale markets carry risks. It warns that the combination of exclusive distribution with brand exclusivity can lead to market foreclosure, especially when there is a "dense network of exclusive distributors with small territories," or when multiple suppliers apply similar arrangements. In such cases, new entrants may find it difficult to gain access to the market, reducing competitive pressure.

Exclusive distribution also reduces opportunities for arbitrage<sup>19</sup> between distributors. When this form of distribution is combined with exclusive purchasing obligations (and thus a *de facto* ban on parallel imports), this effect increases. This can lead to price differences between distribution territories and a reduction in the incentive to engage in price competition. This is particularly harmful to consumers in small and geographically isolated markets such as Aruba.

When this structure is further accompanied by vertical integration<sup>20</sup> or some degree of influence over the retail sector, competitive pressure may weaken even more. This can have potential negative consequences for consumer choice, price developments, and market access. The possible effects of this market structure on competition are examined in more detail in the following chapters of this report.

## 3 MARKET STRUCTURE AND DISTRIBUTION

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The Aruban market for consumer goods, such as food, cleaning products, and hygiene items, is characterized by a relatively small scale, geographic isolation, and a strong dependence on imports. Most branded products enter the market through *de facto* exclusive distribution relationships. These characteristics influence how goods are traded and how competition takes shape.

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<sup>17</sup> "Race to the bottom" refers to a situation in which companies lower their prices and/or costs to such an extent that it comes at the expense of quality, working conditions, or sustainability. This results in unhealthy competition, as the focus shifts to offering the cheapest option rather than innovation or social value.

<sup>18</sup> European Commission, *Guidelines on Vertical Restraints* (2022/C 248/01), para. 128

<sup>19</sup> In this context, arbitrage refers to taking advantage of price differences between distribution areas by purchasing products where they are cheaper and selling them where they are more expensive. Exclusive distribution restricts this possibility because distributors are generally bound to a specific territory or customer group.

<sup>20</sup> In competition law, vertical integration refers to a situation in which a company operates at successive levels of the production chain. This may mean, for example, that a supplier not only acts as a wholesaler but also sells directly to end-users, either through its own retail outlets or through affiliated companies.

Within the distribution chain for branded products with (de facto) exclusive distribution, roughly four links can be distinguished:



### 3.1 PRODUCER OR SUPPLIER

The producer (brand owner) or supplier is generally located outside Aruba. This party determines with whom it enters into an exclusive distribution agreement. Producers or suppliers usually do not supply directly to Aruban retailers but instead choose a single exclusive distributor responsible for importing and distributing the products on the island.<sup>21</sup> The choice for exclusivity often relates to the limited market potential and the desire to maintain control over brand positioning.

### 3.2 DISTRIBUTOR

In 2024, Aruba had approximately 200 distributors of consumer goods.<sup>22</sup> Distributors play a central role in the Aruban distribution system. They typically combine the functions of importer, wholesaler, and brand representative. The distributor is responsible for:

- importing and clearing goods;
- storage and logistics;
- marketing and promotion;
- supplying wholesalers, supermarkets, and other resellers, and in some cases directly supplying end consumers.

This study shows that of the 18 distribution agreements received, only 5 were exclusive in nature. Despite the limited number of written exclusive agreements, *de facto* exclusivity is common in practice. This is partly due to the small scale of the Aruban market: international suppliers generally find it unattractive to appoint multiple distributors, while local distributors see little benefit in carrying a brand already represented by a competitor.<sup>23</sup>

Additionally, exclusivity is often maintained through verbal agreements<sup>24</sup>, allowing distributors in practice to function as the sole party importing and distributing branded products from their

<sup>21</sup> Source: Stakeholder interviews, 2025

<sup>22</sup> Source: Aruba Chamber of Commerce, 2024

<sup>23</sup> Source: Stakeholder interviews, 2025

<sup>24</sup> Source: Stakeholder interviews, 2025

international supplier. However, parallel imports remain permitted, meaning they are not formally the only parties able to bring these products to market.

### 3.3 RETAILER

In 2024, Aruba had 747 supermarkets, minimarkets, and specialty stores.<sup>25</sup> These retailers can broadly be divided into four categories:

- **Supermarkets** serve both local residents and tourists. They offer a wide assortment and often have greater purchasing power, enabling them to import part of their assortment themselves through parallel import.
- **Neighborhood supermarkets** are smaller and focus mainly on providing complete grocery needs for local residents. Their assortment is broader than that of minimarkets but more limited than that of large supermarkets.
- **Minimarkets** are the smallest shops, targeting quick and convenient purchases. Their assortment is limited and often focused on basic products and snacks.
- **Specialty stores** focus on a specific product category or niche market, such as wine or delicacies.

Retailers largely determine the assortment available to consumers and therefore play an important role in pricing, availability, and brand diversity.

### 3.4 CONSUMER

The consumer represents the final link in the chain. Consumer choice, price levels, and product availability are strongly influenced by the structure of the distribution chain and the degree of competition both between and within brands. In a system with exclusive distribution and limited parallel imports, consumers risk facing higher prices, fewer alternatives, and restricted access to international product variants.

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<sup>25</sup> Source: Aruba Chamber of Commerce, 2024

## 4 FINDINGS

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### 4.1 MARKET CHARACTERISTICS AND GENERAL STRUCTURE

The Aruban consumer goods market is characterized by small scale, geographic isolation, import dependence, and a relatively high degree of market concentration. Distribution largely takes place via a limited number of established distributors, who often act as the sole providers of specific brands.<sup>26</sup>

Although this study initially focused on exclusive distribution agreements, written exclusive contracts appear to be relatively rare or no longer valid. In practice, most cases involve *de facto* exclusive relationships, without explicit written documentation. This *de facto* exclusivity has similar effects on market access and competition as formal agreements and contributes to an oligopolistic structure<sup>27</sup> on the supply side, meaning that a small number of firms supply a large share of the market.

At the same time, the retail sector is more fragmented, with Aruba having a large number of supermarkets, neighborhood supermarkets, minimarkets, and specialty stores. Larger supermarkets, in particular, offer a wide assortment, have greater bargaining power toward distributors, and increasingly import products themselves.

### 4.2 INTERBRAND AND INTRABRAND COMPETITION

The study shows that interbrand competition exists in many product categories in the Aruban market: consumers can choose between different brands that compete on price, quality, and availability. Intra-brand competition (competition between distributors offering the same brand) is generally absent. Occasionally, multiple distributors may sell products from the same brand, but these are almost always different product lines or variants. This is related to the prevalence of *de facto* exclusivity, where one distributor consistently acts as the only supplier for a brand or brand line.

Parallel import provides a partial corrective mechanism: primarily larger supermarkets appear to make active use of this possibility to purchase identical or comparable products at lower prices through alternative channels outside the official distribution network. This can still create some price pressure on distributors. For some neighborhood supermarkets and mini-markets, however, parallel import is less accessible due to scale advantages, limited storage capacity, and lower bargaining power.<sup>28</sup>

The absence of broad intra-brand competition (and the reliance on parallel imports as a corrective mechanism) means that exclusive distribution relationships largely shield distribution channels in

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<sup>26</sup> Source: Stakeholder interviews, 2025

<sup>27</sup> An oligopolistic market is a market structure in which a limited number of firms control a large share of the supply. Its key characteristics include: few market players, comparable market shares, high entry barriers, transparency with relatively stable (rigid) prices, heterogeneous products, and a mature (saturated) market with little to no new customer growth.

<sup>28</sup> Source: Stakeholder interviews, 2025

practice. While such structures may offer efficiency benefits (for example, better brand support, warranty, economies of scale, or supply reliability) their structural application in a small market like Aruba can reduce competitive pressure. This limits room for price competition and increases dependency on individual distributors.

The extent to which intrabrand competition is affected also depends on whether distributors are active at the retail level as well. When a distributor not only supplies resellers but also sells directly to consumers, it creates a dual role that may further distort competitive dynamics. This type of vertical integration, and its possible effects on competition, is discussed in the next section.

### 4.3 VERTICAL INTEGRATION

Vertical integration means that a company engages in activities at successive levels of the supply chain. This can mean that a supplier not only acts as a wholesaler but also sells directly to end users, either through its own retail outlets or through affiliated companies. When a *de facto* exclusive distributor is also active in retail (for example, via cash-and-carry models), vertical integration occurs, as the company competes at both wholesale and retail levels.

Vertical integration is not, in itself, prohibited but in a small and concentrated market such as Aruba it can have anti-competitive effects. This is particularly the case when vertical integration coincides with *de facto* exclusivity or strong brand dependence. The main risks include:

- **Foreclosure (exclusion):** integrated distributors can favor their own retail outlets with better prices, availability, or exclusive promotions, disadvantaging competing resellers.
- **Information advantages:** integrated distributors have access to commercially sensitive data from competing customers (such as sales volumes and margins), which provides strategic benefits.
- **Barriers to entry:** new retailers are less likely to obtain competitive terms because the integrated distributor prioritizes its own retail channel.

These dynamics can further erode intrabrand competition. When an exclusive distributor is also active at the retail level, the incentive to support competing retailers disappears. Parallel import can only partially correct this, as economies of scale and contractual arrangements strengthen the position of the integrated distributor.

Comparable competition-law concerns have been identified in EU cases such as *Eurofix-Bauco/Hilti*<sup>29</sup>, *Napier Brown/British Sugar*<sup>30</sup>, and *Michelin*<sup>31</sup>. In these decisions it was emphasized that vertical integration, combined with exclusive agreements or loyalty mechanisms, can lead to foreclosure effects, higher entry barriers, and restrictions on intrabrand competition. Although each case has unique circumstances, these examples illustrate that control over multiple levels of the supply chain can create structural competition risks in concentrated markets.

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<sup>29</sup> Commission, Decision of 22 December 1987, *Eurofix-Bauco/Hilti*, Case IV/30.787 and 31.488, OJ [1988] L 65/19

<sup>30</sup> Commission, Decision of 18 July 1988, *Napier Brown/British Sugar*, Case IV/30.178, OJ [1988] L 284/41

<sup>31</sup> Commission, Decision of 20 June 2001, *Michelin*, Case COMP/E-2/36.041/PO, OJ [2002] L 143/1

## **4.4 CONDUCT OF MARKET PARTICIPANTS**

Two types of behaviors emerged from interviews with market participants:

1. Behaviors relevant to competition oversight, such as attempts to hinder parallel imports.
2. Behaviors primarily related to price regulation, such as inflating purchase prices on invoices to influence price ceilings or avoiding imports of regulated products.

According to interviewees, these behaviors occurred before the Competition Ordinance came into effect on January 1, 2024. During the drafting of this report, no hard evidence was found that attempts to obstruct parallel import have continued after the entry into force of the Competition Ordinance. The second type of conduct does not fall directly under the Competition Ordinance, but it is relevant for market functioning and is therefore discussed here. AFTA will provide a separate recommendation on this in Chapter 5.

### **4.4.1 Attempts to Restrict Parallel Imports**

Interviews indicated that some distributors historically applied strategies that made parallel imports or alternative sourcing difficult.

For example, a supermarket stated that it wished to import a branded product directly from abroad because the local distributor charged higher prices. After unsuccessful negotiations with the local distributor, the supermarket decided to engage in parallel import. According to the supermarket, the distributor then exerted pressure through the foreign supplier to stop the import.

A similar situation occurred with a hotel. The hotel initially purchased from a local distributor with an exclusive distribution relationship but switched to another local distributor who parallel-imported the product at a lower price. According to the hotel, pressure was then applied by the exclusive distributor to return as a customer, but the hotel chose to remain with the cheaper supplier.

Another supermarket reported repeatedly attempting to import a branded product because the local distributor offered it under unfavorable terms. Eventually, according to the supermarket, all foreign suppliers refused to supply, presumably at the request of the local distributor due to an exclusive agreement.

While no concrete evidence of such behavior currently exists, market participants' statements indicate potential risks of exclusion and market disruption. Repetition of such behaviors could violate the Competition Ordinance and lead to enforcement action by AFTA.

### **4.4.2 Pricing Strategies for Regulated Products**

Signals suggest that some market participants attempt to circumvent the price regulation mechanism for *Canasta Basico* products by listing higher purchase prices on invoices than actually paid. Since the regulator calculates maximum prices and allowable margins based on declared import prices, this artificially raises the price ceiling, allowing higher retail prices than intended and undermining the price regulation objective.

This behavior falls primarily under price regulation oversight, not the Competition Ordinance. AFTA will provide separate advice in Chapter 5 on the functioning of the price regulation mechanism and measures to mitigate such risks.

## **4.5 THE ROLE OF PARALLEL IMPORT**

Parallel import contributes to intrabrand competition to a limited extent. Large supermarkets use international contacts to source products outside the official distribution network.<sup>32</sup> This import is generally possible as long as the brand owner does not intervene.

For smaller players, such as neighborhood supermarkets and mini-markets, parallel imports are more challenging. Limited scale may make it difficult to finance a full container purchase, and storage capacity is often insufficient for larger shipments.<sup>33</sup> Some stores therefore combine purchasing needs to achieve joint parallel imports. Such collaboration between competing stores is generally allowed under the Competition Ordinance due to positive competitive effects, except if the joint market share is significant (roughly above 30%), reducing incentives to pass cost savings to consumers. However, little information is available on the scale and frequency of such cooperation.

This study shows that large supermarkets use parallel imports in two ways:

1. as a bargaining tool to negotiate better conditions with distributors; and
2. as an actual purchasing method when parallel-imported products are cheaper.

For consumers, this can lead to lower prices or a broader product range at these supermarkets, but the benefit is not universal and rarely reaches smaller retailers.

While parallel imports can increase price pressure, they are not a structural solution to limited intrabrand competition. They remain primarily a tool for larger supermarkets, with smaller stores benefiting only to a limited extent, often through joint initiatives.

## **4.6 VERTICAL PRICE FIXING**

Vertical price fixing occurs when a supplier or distributor requires resellers to apply a fixed or minimum resale price. This restricts the freedom of resellers to set their own prices and generally results in higher consumer prices. In competition law, vertical price fixing is typically considered a hardcore restriction of competition, as it eliminates retail-level price competition.

Imposing a maximum price or recommending a suggested retail price is in generally allowed if fully non-binding. This study found no indications that vertical price fixing still occurs. Foreign suppliers also do not impose price fixing on local distributors.

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<sup>32</sup> Source: Stakeholder interviews, 2025

<sup>33</sup> Source: Stakeholder interviews, 2025

## **4.7 BARRIERS TO ENTRY**

The market exhibits various entry barriers for new distributors and foreign producers. Key obstacles include:

- the small scale of the market;
- logistical and geographical challenges;
- the existence of de facto exclusive distribution relationships;
- the lack of economies of scale for new entrants;
- dependence on personal networks and existing relationships.

These factors reinforce each other and make entry costly and risky, resulting in a relatively stable existing market structure.

## **4.8 IMPACT ON CONSUMERS**

### **4.8.1 Market Structure and Dependency**

The characteristics of the Aruban market, such as small scale, import dependence and a high degree of concentration<sup>34</sup> on the distribution side, affect competition dynamics and have direct consequences for consumers. The high concentration of distributors gives these parties bargaining power over retailers. Large supermarkets, in turn, have substantial purchasing power, enabling them to negotiate more favorable terms or use parallel import as an alternative channel. This power limits the market power of distributors. This generally does not apply to neighborhood supermarkets and mini-markets. When these smaller stores do not combine their purchasing power, they remain heavily dependent on local distributors or, in some cases, on larger supermarkets.

De facto exclusive distribution relationships reinforce this dependency, as access to certain brands or product lines is concentrated with a single distributor. This limits competition among distributors, but also provides benefits such as more efficient logistics and more stable product availability. Many retailers value cooperation with such distributors because they do not need to pre-finance large quantities and can purchase smaller amounts as needed. This reduces their liquidity needs and limits storage and spoilage costs.

### **4.8.2 Parallel Import and Price Effects**

Parallel import plays a limited but relevant role. Large supermarkets use parallel imports both as a negotiating tool and for actual purchasing when cheaper. This strengthens their bargaining position with distributors and can create additional price pressure and a wider range of products for consumers. These benefits, however, appear mainly limited to larger supermarkets, so the effect on overall market functioning remains modest. There are indications that some neighborhood

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<sup>34</sup> A high degree of concentration refers to a situation in which a small number of companies serve a large part of the market. This can lead to reduced competitive pressure, higher barriers to entry, and increased dependence of customers on these companies.

supermarkets and mini-markets engage in joint parallel import, but the frequency of such cooperation could not be reliably established during this study.

Local distributors, on the other hand, often benefit from specific export prices for Aruba due to their exclusive agreements with foreign suppliers. As a result, for many retailers, purchasing locally is cheaper than importing directly from suppliers or from other countries. For products with short shelf lives, such as fresh fruit and vegetables, local purchasing is also often more practical and economically favorable because of the higher risk of spoilage. This strengthens the role of local distributors in the supply chain and can increase the dependency of smaller retailers.

### 4.8.3 Price Perception versus Reality

Public perception often views large supermarkets (e.g., Super Food, Ling & Sons, and Do it Center) as more expensive. However, data from the Central Bureau of Statistics (CBS) show the opposite. Based on the geometric average of consumer prices<sup>35</sup>, neighborhood supermarkets had consistently higher prices from 2022 and through August 2025 across almost all food categories (see **Tabel 1**).

**Tabel 1 Geometric Average of Food Prices**

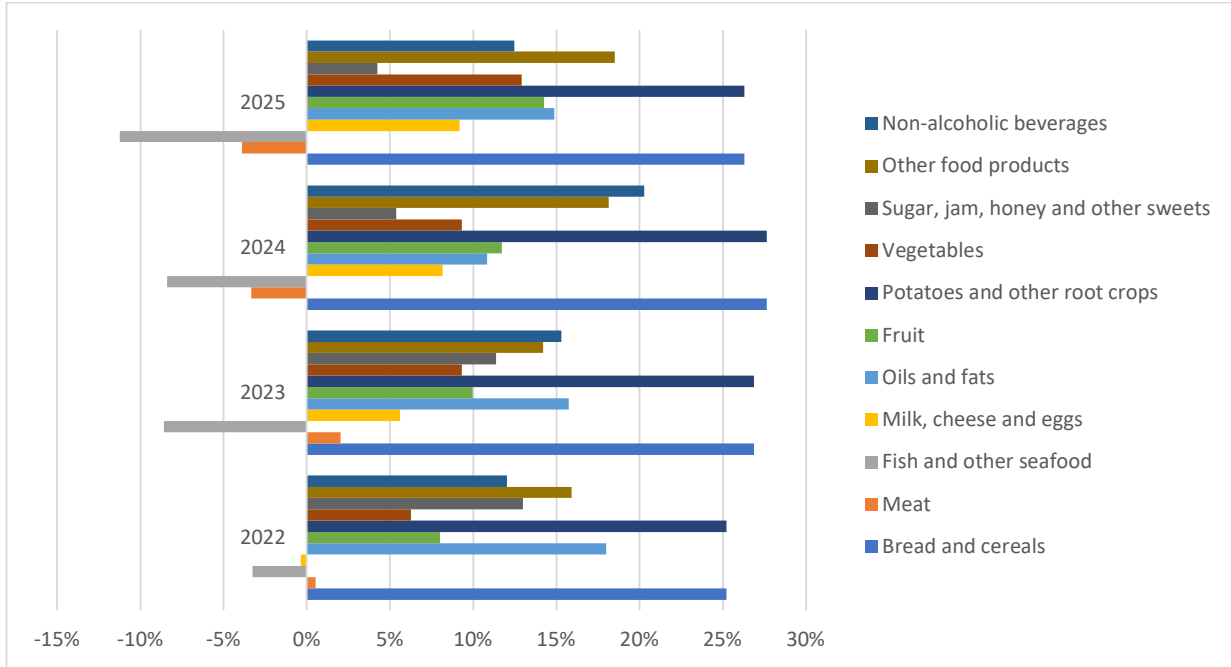
PRODUCT CATEGORY	GEOMETRIC AVERAGE FOOD PRICES							
	Large supermarkets				Neighborhood supermarkets			
	2022	2023	2024	2025	2022	2023	2024	2025
Bread and cereals	5.18	5.69	5.92	6.11	6.93	7.78	8.18	8.29
Meat	16.78	17.39	18.51	19.55	16.86	17.75	17.91	18.82
Fish and other seafood	28.67	31.39	31.47	33.13	27.77	28.91	29.03	29.78
Milk, cheese and eggs	11.65	12.36	12.42	12.54	11.61	13.10	13.52	13.81
Oils and fats	12.80	13.63	14.26	14.11	15.61	16.18	16.00	16.58
Fruit	10.09	10.18	10.39	10.33	10.97	11.31	11.77	12.05
Potatoes and other root crops	6.70	7.80	7.96	8.20	7.62	8.96	9.33	9.81
Vegetables	8.42	9.07	9.54	9.14	8.98	10.00	10.52	10.50
Sugar, jam, honey and other sweets	8.96	9.94	11.09	11.31	10.29	11.22	11.72	11.81
Other food products	16.30	18.71	18.92	19.23	19.39	21.81	23.11	23.60
Non-alcoholic beverages	11.38	12.25	12.18	13.13	12.93	14.46	15.28	15.00

Source: CBS, October 2025

For example, the price advantage of large supermarkets compared to neighborhood supermarkets for bread and cereals was 25% (2022), 27% (2023), 28% (2024), and 26% (2025). For oils and fats the advantage was 18%, 16%, 11%, and 15%; for fruit 8%, 10%, 12%, and 14%; and for non-alcoholic beverages 12%, 15%, 20%, and 12%. Only fish and other seafood were slightly cheaper in neighborhood supermarkets: the difference was -3% (2022), -9% (2023), -8% (2024), and -11% (2025). For meat, neighborhood supermarkets were also slightly cheaper in 2024 and 2025 at 3% and 4% respectively (see **Figure 1**)

<sup>35</sup> The geometric mean is a calculation method used to measure price changes over time or across products. Unlike the regular (arithmetic) mean, the geometric mean better accounts for percentage changes and prevents extreme values from having an undue influence on the result. This makes it a suitable metric for comparing food prices, especially when they vary significantly.

**Figure 1. Price differences: large supermarkets vs. neighborhood supermarkets (%)**



Source: CBS 2025 - AFTA Analysis 2025

These price differences are likely related to the smaller scale of neighborhood supermarkets, their less efficient procurement (often through larger supermarkets), and additional steps and costs in the distribution chain (such as BBO). Nevertheless, neighborhood supermarkets and mini-markets play an important role for a large portion of the population due to their proximity, longer operating hours, and social familiarity. The price effects of the current distribution structure therefore affect this group of consumers the most, despite the presence of strong competition at the retail level.

## 5 PRICE REGULATION AND EFFECTIVENESS

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### 5.1 CONTEXT AND THE ROLE OF THE AFTA

Price regulation of basic goods in Aruba is a responsibility of the government, as established in the Price Ordinance (AB 1991 no. GT 17). Under this ordinance the government sets maximum prices for a range of basic goods (*Canasta Basico*), at both the wholesale and retail level. The prices of certain specific products, such as white bread and chicken eggs, are also regulated.

The Department of Economic Affairs, Commerce and Industry (DEZHI) calculates these ceiling prices based on the landed cost<sup>36</sup> plus a fixed relative margin for wholesalers and retailers.<sup>37</sup> Although oversight of compliance with the Price Ordinance lies with the government (DEZHI) and not with the AFTA, the AFTA has the authority under Article 4.8, paragraph 2 of the Competition Ordinance to issue, on its own initiative, advice or reports to the minister concerned on the effects of existing regulation on competition. In that capacity, AFTA provides in this chapter an analysis and recommendations based on signals received during this investigation.

### 5.2 OBJECTIVES VS. EFFECTIVENESS

The objective of the *Canasta Basico*, to protect consumers against excessive price increases, is legitimate. In practice, however, the instrument proves ineffective for the following reasons:

#### ***No protection from global market prices and limited influence on consumer prices***

The *Canasta Basico* is intended to protect consumers from excessive price increases, but in practice the instrument has little effect. The regulation sets a maximum price calculated on the basis of the purchase price plus a fixed relative margin. As a result, the final retail price is directly dependent on the purchase price. When international prices rise due to higher raw material costs, exchange rate fluctuations or transport rates, local prices rise as well. The system therefore does not dampen external price shocks; it only limits the margins of distributors and retailers.

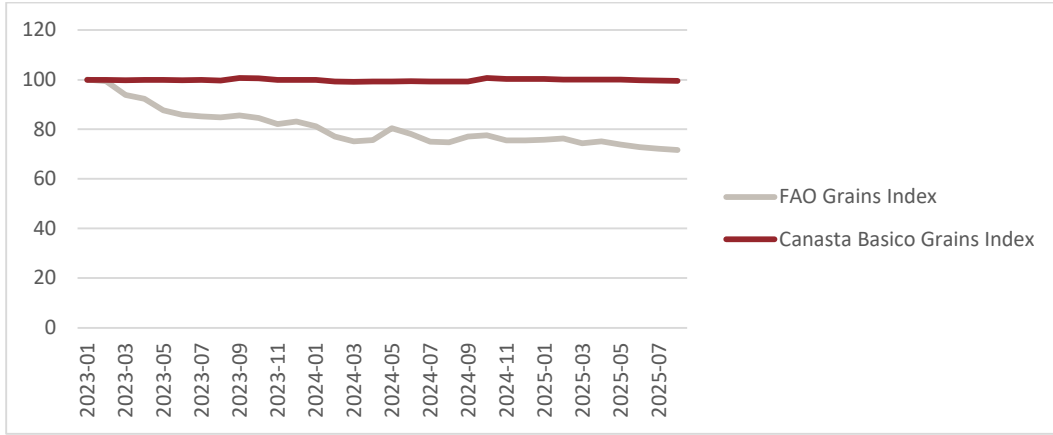
A comparison of Food and Agriculture Organization (FAO) prices indices with *Canasta*-prices further shows that *Canasta*-prices are adjusted upward when international prices rise, but do not decrease proportionately when international prices fall again (see **Figure 2** for grains, **Figure 3** for dairy products, and **Figure 4** for vegetable oils).

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<sup>36</sup> The "landed cost" is the total cost of getting a product from its origin to the final destination.

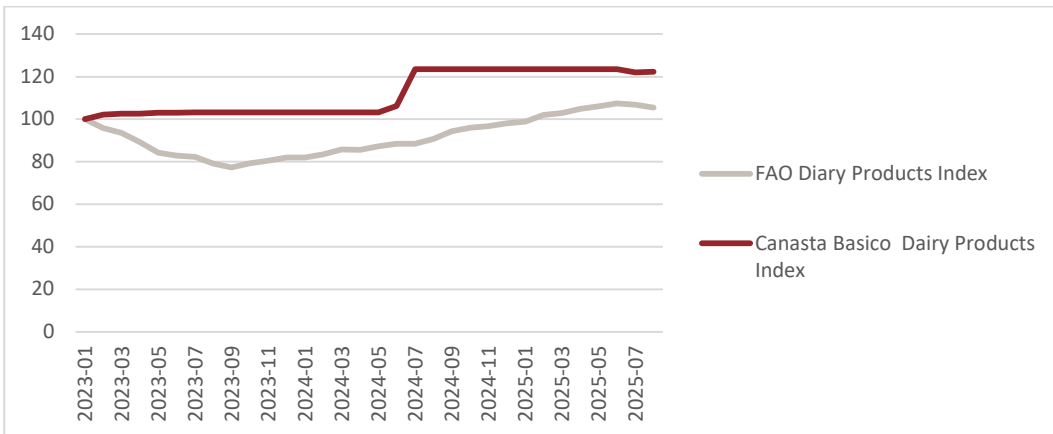
<sup>37</sup> [Prices and Regulations | The Department of Economic Affairs, Commerce and Industry of Aruba](#)

**Figure 1: Grain price developments - FAO vs. Canasta Basico (2023-2025)**



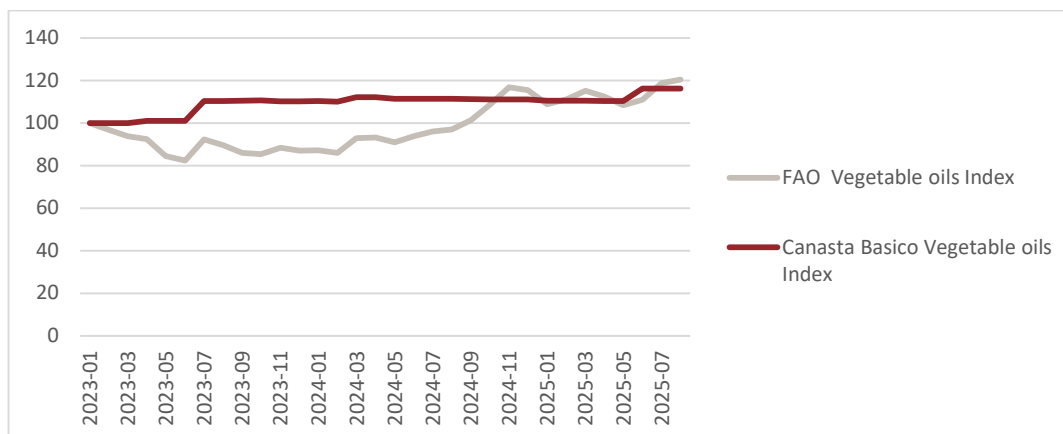
Source: FAO (Food and Agriculture Organization of the United Nations) / DEZHI Aruba, September 2025

**Figure 2: Dairy products price developments - FAO vs. Canasta Basico (2023-2025)**



Source: FAO (Food and Agriculture Organization of the United Nations) / DEZHI Aruba, September 2025

**Figure 3: Vegetable oil price developments - FAO vs. Canasta Basico (2023-2025)**



Bron: FAO (Food and Agriculture Organization of the United Nations) / DEZHI Aruba, September 2025

### ***Evasion through fictitious purchase prices***

Signals also indicate that distributors and retailers may list higher purchase prices on invoices than were actually paid. Because the maximum price is calculated based on the purchase price plus a fixed margin, this leads to an artificially higher price ceiling. This not only undermines the purpose of the regulation but also creates an uneven playing field between distributors and retailers who do and do not comply with the rules.

### ***High administrative burden and limited enforcement***

The current system requires continuous monitoring and frequent price adjustments, as international prices and transport costs fluctuate significantly. This means that authorities must regularly review and publish maximum prices. In addition, manual and physical inspections are necessary to ensure compliance, which demands considerable capacity. In practice, enforcement is limited due to human and financial constraints, making violations difficult to detect and sanction. This increases the risk of inconsistent application of the regulation and undermines both the level playing field and the credibility of the instrument.

### ***Negative incentives for supply***

The low margins applied to products within the *Canasta Basico* discourage distributors and retailers from importing and selling these specific items. Because the maximum retail price is calculated based on the purchase price plus a fixed percentage, profitability for these products is limited. This can cause distributors and retailers to prioritize brands and product lines outside the *Canasta Basico*, where higher margins are possible. As a result, the supply of regulated products comes under pressure, potentially leading to limited assortments and fewer choices for consumers.

### ***No structural solution for affordability***

The *Canasta Basico* focuses on regulating margins but not on the structural causes of high prices, such as inefficiencies in the supply chain, high logistical costs, international price volatility, and

limited economies of scale. As a result, price pressure remains structurally high, even when maximum prices are applied. The instrument therefore provides only symptom management, not a sustainable solution for affordability.

### 5.3 WHAT DOES INDEPENDENT ECONOMIC RESEARCH SAY?

Price controls, such as maximum prices and price subsidies, are tools that governments can use to achieve social and economic objectives, such as protecting vulnerable consumers, preventing excessive price volatility, and stabilizing prices of essential goods.<sup>38</sup> Price regulation is particularly beneficial in situations where sudden international price increases (for example during the COVID pandemic) threaten to make basic goods unaffordable for low-income groups. This directly contributes to social stability and prevents poverty. Price regulation can also help avoid social unrest by limiting the impact of price increases on households and reducing societal tensions.<sup>39</sup>

Furthermore, maximum prices give governments the ability to intervene quickly during acute price shocks, giving households time to adjust and policymakers space to develop structural solutions. In crisis situations, maximum prices can help stabilize consumer prices and prevent speculation and hoarding, especially when such measures are temporary and clearly defined.<sup>40</sup>

At the same time, economic research highlights important caveats. Price ceilings can distort market functioning: demand remains artificially high while supply does not adjust sufficiently. This increases the risk of shortages, lower product quality, and postponed investments, which can ultimately lead to higher long-term prices. Incentives for evasion also arise when official prices fall below market value. Additionally, price ceilings typically cap only margins and do not cushion external cost shocks (such as raw materials, freight, and currency), meaning international price increases still pass through to consumer prices. Both empirical evidence and economic theory emphasize that long-term and structural price regulation often leads to market distortions and inefficiencies.<sup>41</sup>

Price regulations, such as maximum prices and subsidies, is therefore most effective as a temporary measure in exceptional crisis situations. Structurally, it is preferable to rely on strong social safety nets and targeted income support, because broad price ceilings and subsidies often lead to unnecessarily high costs (since benefits also accrue to consumers who do not need assistance), market distortions, and limited long-term effectiveness. Policy organisations such as the World Bank and the IMF therefore generally recommend competition enhancement and targeted income support over broad price ceilings, except in exceptional crisis situations where temporary, clearly defined interventions may be necessary.<sup>42</sup>

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<sup>38</sup> Guénette, J.-D. (2020). *Price Controls: Good Intentions, Bad Outcomes*. World Bank Policy Research Working Paper 9212, p.2

<sup>39</sup> IMF (2022). *Fiscal Policy for Mitigating the Social Impact of High Energy and Food Prices*. IMF Note 2022/001, International Monetary Fund, Washington, DC.

<sup>40</sup> Guénette, J.-D. (2020). *Price Controls: Good Intentions, Bad Outcomes*. World Bank Policy Research Working Paper 9212

<sup>41</sup> Institute of Economic Affairs, *Flaws and Ceilings: Price Controls and the Damage They Cause* (2015) & Guénette, J.-D. (2020). *Price Controls: Good Intentions, Bad Outcomes*. World Bank Policy Research Working Paper 9212

<sup>42</sup> See: Institute of Economic Affairs, *Flaws and Ceilings: Price Controls and the Damage They Cause* (2015) & Guénette, J.-D. (2020), *Price Controls: Good Intentions, Bad Outcomes*. World Bank Policy Research Working Paper 9212

## 5.4 WHY MARKET MECHANISMS WORK BETTER?

Healthy competition and a well-functioning supply-and-demand mechanism are, in the long run, more effective at reducing prices than price ceilings. In a market with sufficient interbrand competition and room for parallel import, distributors and retailers naturally face pressure to keep prices sharp. Price regulation, by contrast, distorts market incentives; for example, by reducing the willingness of distributors and retailers to carry low-margin products, resulting in less choice and potential shortages, or by encouraging artificially inflated purchase prices.

Price regulation is also not “free.” Effective enforcement and ensuring a level playing field require government resources, and these costs must also be considered.

## 5.5 AFTA RECOMMENDATION

The AFTA advises the minister responsible to reassess the price regulation of the *Canasta Basico*. Its current form offers insufficient protection against global market prices, has limited impact on consumer prices, and weakens incentives for importation and competition.

The AFTA sees two possible policy directions:

1. **Gradual phase-out of the list of regulated products:** Starting with products for which sufficient competition and alternative supply channels exist. This approach allows price effects and availability to be monitored over time and adjusted where needed. It does, however, require structural monitoring and possibly additional capacity within DEZHI.
2. **Complete abolition of price regulation:** Combined with transparency on price developments and market dynamics.

International experience and economic literature show that deregulation, when accompanied by effective competition and consumer protection and transparency, often leads to efficiency gains, more competition, and increased consumer welfare in the long run. This suggests that instruments other than price regulation are often more effective for achieving social protection.<sup>43</sup>

At the same time, the effects of abolishing price regulation can never be predicted with complete certainty. While most economic theories favor market mechanisms over price regulation, specific market structures and circumstances may lead to scenarios in which deregulation has negative side effects. For example, short-term price spikes and inflation may occur. Removing price ceilings can result in (temporary) increases in consumer prices, potentially causing public concern. In markets with limited competition or high entry barriers, companies may use their market power to keep prices artificially high, harming consumer welfare. A gradual phase-out helps mitigate these risks and allows product availability and price effects to be monitored and adjusted as needed.

International research, including World Bank reports, emphasizes that abolishing price regulation is most successful when accompanied by a well-functioning competitive environment. Promoting competition and enforcing competition and consumer protection laws are often more effective at

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<sup>43</sup> Guénette, J.-D. (2020), *Price Controls: Good Intentions, Bad Outcomes*. World Bank Policy Research Working Paper 9212, p. 12

reducing costs for consumers and producers than price regulation. Healthy market functioning thus provides a structural solution to many of the problems that price regulation seeks to address.<sup>44</sup>

In light of the above, AFTA recommends a gradual phase-out of price regulation. This approach enables careful monitoring of price effects and product availability, timely adjustments and the implementation of additional social measures where necessary. This helps prevent disproportionate impacts on vulnerable groups while safeguarding market functioning in the long term. In addition, clear communication and transparency throughout the reform process are essential: publicly explain why reform is taking place and periodically publish key information on price developments, regardless of the chosen policy direction.

Whichever option is chosen, AFTA considers it important that price regulation be used only as a temporary instrument and not as a structural substitute for market functioning.

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<sup>44</sup> Guénette, J.-D. (2020). *Price Controls: Good Intentions, Bad Outcomes*. World Bank Policy Research Working Paper 9212, p. 12

## 6 CONCLUSION

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This research shows that exclusive distribution, usually in the form of de facto exclusivity, is a structural feature of the Aruban food products market. Many distribution agreements are outdated or have formally expired yet remain in effect in practice because distributors and suppliers continue their exclusive cooperation based on established trade relationships. The market is dominated by a small number of distributors with brand rights, leading to high entry barriers and an almost complete absence of intrabrand competition, except for a limited degree of intrabrand competition through parallel imports.

This market structure offers advantages: distributors invest more in brand development, marketing and logistics, leading to more efficient distribution and a more stable supply. Retailers benefit from smaller purchase quantities and lower risks, and local purchasing can sometimes be more advantageous due to export prices that distributors enjoy thanks to their relationship with suppliers. At the same time, the system also has disadvantages. Limited access to parallel imports for neighborhood supermarkets and mini-markets and the absence of intrabrand competition reduce competitive pressure and keep entry barriers high for new distributors and importers.

Although this study has shown that the exclusive distribution agreements or de facto exclusive distribution relationships known to the AFTA do not, in themselves, constitute a breach of the Competition Ordinance, the analysis demonstrates that the combination of de facto exclusivity, vertical integration, and limited parallel imports weakens competitive pressure and increases the risk of market distortions. The AFTA will continue to monitor the market closely and encourages market participants to share any indications of barriers, ensuring that appropriate measures can be taken when necessary.

For a complete overview of the findings, reference is made to the summary at the beginning of this report.

### **Next steps and recommendations**

- Ongoing monitoring: The AFTA concludes that ongoing monitoring of distribution agreements and market conduct is necessary to ensure healthy competition. It is important to focus not only on formal agreements but also on actual market structures and behaviors that may restrict competition in practice.
- Preservation of parallel imports: Maintaining the possibility of parallel imports is essential as a source of competitive pressure.
- Evaluation of price regulation: The AFTA recommends a phased reduction of the list of regulated products, combined with monitoring and transparency.

## **APPENDIX**

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As part of this study, interviews were conducted and information was requested from various market participants, including local distributors, supermarkets, and hotels. Consultations were also held with the Directorate of Economic Affairs, Trade, and Industry (DEZHI). In addition, under Article 5.1, paragraph 3(a) of the Competition Regulation, the AFTA sent information requests to companies to obtain relevant documents and data. Data from the Central Bureau of Statistics (CBS) were also utilized.

To ensure the confidentiality of these discussions and the privacy of the sources involved, their names and specific details are not disclosed in this report.