

## Allegation: Excessive pricing - Pinnacle Feeds Limited

Case Opened: July 2008

Staff of the Fair Competition Division began an investigation into the allegation that the wholesale livestock feed prices in Barbados were excessive, in that they were not reasonably related to their respective costs of production..

The aim of the inquiry was to determine the extent to which the changes in the prices of livestock and poultry feeds had been the result of the increasing cost of imported raw materials or otherwise.

In January 2009, the Commission's preliminary investigation found that Pinnacle's pricing policy was likely to contribute to the charging of excessive prices. This policy had led to a situation where the prices of certain types of feed no longer bore a direct relationship to their underlying costs. This had occurred because Pinnacle had not accurately distributed the true production cost to each type of feed to determine its price, but had spread total costs arising from the increased cost of corn and soy evenly over all types of feed irrespective of the actual corn and soy content of each type.

The Commission recommended that Pinnacle Feeds Limited undertake an internal cost accounting exercise aimed at accurately apportioning the production cost of each type of feed to arrive at its price.

Pinnacle Feeds communicated to the Commission in February, that it had already instituted a cost accounting exercise to accurately attribute the underlying costs to each type of feed and was also instituting two successive price decreases in January and February 2009.

The Company has since submitted to the Commission a detailed spreadsheet outlining its compliance with the Commission's recommendation.

Case Closed: April 2009