

## Press Release

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### **The Director-General of the Israel Competition Authority Declares Wissotzky a Monopoly in the Green Tea and Herbal Infusion Markets**

**After an examination that began a year and a half ago and following a hearing conducted for the company over the past months, the Director-General of the ICA today declared Wissotzky Tea (Israel) Ltd. a monopoly in the green tea and herbal infusion markets.**

The ICA's examination found that Wissotzky's share in the sale of green tea and herbal infusions to retailers is greater than 70%. In addition, and in a precedential step, the Director-General also decided to declare Wissotzky a monopoly because of its market power in the green tea and herbal infusion markets, which allows it to charge higher prices than competing suppliers. This market power secured Wissotzky stable dominance for a number of years. Because of this market power, Wissotzky's competitors had difficulties in increasing their sales even when they offered lower prices than those offered by Wissotzky and even when introducing to Israel new brands that had enjoyed success abroad.

Following the declaration, Wissotzky will be considered a "large supplier", as the term is defined in the Law Advancing Competition in the Food Sector. As such, from now on all the obligations that apply to large suppliers under that law will apply to Wissotzky regarding the products subject to the declaration. These prohibitions include, among others, a prohibition against interfering in how the supermarket arranges its shelves; a prohibition against making the sale of one product conditional on the purchase of another product; a general prohibition against any kind of interference in the price the supermarket charges the final consumer; and other restrictions set out in the Food Law.

Prior to the hearing, the Director-General considered declaring Wissotzky a monopoly in the black tea and flavored black tea markets as well. However, the data gathered following the hearing supported the conclusion that Wissotzky's share in the black tea market was lower than 50% and was gradually decreasing, as well as the fact that Wissotzky has a competitor that also enjoys a not-insignificant market share in this

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market. Regarding flavored black tea, following the hearing and examination of the data gathered, there were difficulties in concluding that this was a clearly distinct product market.

With the conclusion of the examination and weighing Wizzotsky's arguments, the Director-General decided to declare the company a monopoly in the green tea and herbal infusion markets.

The declaration will constitute *prima facie* evidence in any legal proceeding.

Wissotzky has the right to dispute the Director-General's declaring by way of appeal to the Competition Tribunal.