MEDIA RELEASE

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Hoskins Oil Palm Growers to negotiate prices with buyers

The Independent Consumer and Competition Commission (ICCC) has issued a draft decision in which it proposes to allow an oil palm growers association in West New Britain to collectively negotiate prices and other terms and conditions with the two oil palm processors that buy their products.

This will mean that the Hoskins Oil Palm Growers Association will be allowed to negotiate with the Hargy Oil Palm Limited and the New Britain Oil Palm Limited to decide on the prices they wish to obtain for their crops.

The decision would also mean that growers can withhold their products if they are not satisfied with the prices they are offered by the two competing processors.

According to ICCC Commissioner, Associate Professor Dr Billy Manoka this is the first application of such that the ICCC has considered.

Submissions on the application were received from the Hoskins Oil Palm Growers Association, the two processors, the World Bank and the Oil Palm Industry Corporation.

Special provisions provided for in the ICCC Act 2002, enables the Commission to allow such arrangements if it is satisfied that there is a net benefit to the community from what is proposed.

Dr Manoka said the arrangements would produce greater equality in bargaining power; provide more information to growers; be more likely to reduce tensions in industry; and provide potential for industry benchmarking and increased efficiency, provided the industry information is aggregated and distributed to members.

“There is potential for some detriment to the community but the ICCC has proposed a number of safeguards to counter this,” Dr Manoka said.

“I expect that other primary producers will use this as a model for countering the dominance of large powerful buyers of their product and will approach the ICCC in the way the association has.”

The ICCC will be holding a conference with the association representatives, the processors and government representatives in West New Britain later this year to hear comments on the proposed decision before a final decision is made.
Please contact Julie Wulwarau or Fidelis Golu on 325 2144 for more information.