

MEDIA RELEASE

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Sasol settles its polymers collusion case with a R111 million fine.

The Competition Commission today reached a settlement with Sasol Polymers, a division of Sasol Chemical Industries Ltd, in which Sasol admits that the supply agreement between it and Safripol (Pty) Ltd ("Safripol") resulted in indirect price fixing. In its investigation the Commission found that Sasol and Safripol engaged in collusive conduct as a result of the implementation of the supply agreement including the operation of the pricing formula and the exchange of information relating to the pricing of polypropylene.

Sasol Polymers has agreed to pay a penalty of R111 690 000 which represents 3% of its 2009 total annual turnover derived from polypropylene products.

The Commission referred a case of collusion and excessive pricing against Sasol Chemical Industries Limited and Safripol to the Tribunal for adjudication on 12 August 2010. This settlement agreement resolves the collusion aspect of the case. In terms of the settlement with Sasol has agreed to stop sharing competitively sensitive information including prices and volumes of polypropylene sold. It will also amend problematic provisions of the supply agreement to ensure that price is set independently. The Commission has filed an application for the confirmation of this settlement agreement with the Tribunal.

The Commission previously concluded a consent agreement with Safripol in which it admitted contravention of the Competition Act and agreed to pay a penalty of R16, 5 million, representing 1,5% of its total annual (2009) turnover derived from polypropylene products. This consent agreement has since been confirmed by the Tribunal.

At the conclusion of its investigation, the Commission found that Sasol had charged excessive prices for polypropylene and propylene to its local customers in line with import parity pricing. The Commission's findings and allegations of excessive pricing are being contested by Sasol and are still to be heard by the Tribunal.

This case was initiated in 2007 following concerns raised by the Department of Trade and Industry (dti) about polymer pricing and its negative effect on diversified growth and employment in manufacturing. Sasol is the dominant supplier of polypropylene for its own use and that of Safripol. It is also the major supplier of polypropylene to the South African market. Polypropylene is a plastics polymer used by plastics converters to manufacture a wide range of products.

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