

Press Release

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White Maize Milling cartel referred for prosecution

The Competition Commission has today referred its findings of price fixing of milled white maize to the Competition Tribunal for prosecution.

The Commission has been investigating price fixing in the milling industry since 2007. The investigations led to the referral of two cases to the Tribunal, the wheat milling referral, which was referred recently as well as today's white maize milling referral. The milling investigations were initiated following Premier Foods' disclosure during the bread cartel investigation that the cartel, which involved largely the same companies, also covered their wheat and maize milling operations.

With respect to white maize milling the Commission found evidence of price fixing by Pioneer Foods, Foodcorp, Godrich Milling, Progress Milling, Pride Milling, Westra Milling, Brenner Mills, Blinkwater Mills, TWK Milling, NTK Milling, Carolina Mills, Kalel Foods, Bothaville Milling, Paramount Mills, Keystone Milling, Premier Foods and Tiger Brands. The maize milling case involves more firms than the wheat milling case, and the Commission may add more names to the referral papers as firms come forward to settle and disclose what they know of the cartel.

In its investigation the Commission found that the respondents discussed pricing, agreed on price increases and the timing of such increases. This was facilitated through meetings and telephone calls between the employees and representatives of these firms. The meetings and telephone calls took place at both regional and national levels and were mutually reinforcing.

The Commission has asked the Tribunal to impose an administrative penalty of 10 percent of annual turnover for the 2009 financial year on each of the firms involved, except Premier Foods and Tiger Brands who were granted conditional immunity from prosecution by the Commission provided that they fully co-operate in the Commission's investigation and prosecution of this case.

The Commission is concerned about the prevalence of cartels in staple food products. This has a huge impact on the prices of these products, and therefore undermines efforts to fight poverty in the country.

ENDS

Further Info:

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