

MEDIA RELEASE

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Lafarge settles its cement cartel case with a R149 million fine

Today the Competition Commission reached a settlement with Lafarge Industries South Africa (Pty) Limited ("Lafarge") in which it admits that it took part in the cement cartel. The cartel involved the main cement producers in price fixing and market division.

Lafarge has agreed to pay a penalty of R148 724 400 which represents 6% of its 2010 annual turnover in the Southern African Customs Union region (South Africa, Botswana, Lesotho, Swaziland and Namibia).

This agreement follows the Commission's investigation of price fixing and market division against the four main cement producers Pretoria Portland Cement Company Limited (PPC), Lafarge, AfriSam (South Africa) (Pty) Ltd (AfriSam) and Natal Portland Cement Cimpor (Pty) Ltd (NPC-Cimpor).

In terms of the settlement, Lafarge admits that it entered into agreements and arrangements with PPC and Afrisam that extended to NPC to divide the market through allocation of market shares and indirectly fix the price of cement.

The Commission initiated this case on 02 June 2008. In pursuance of its investigation the Commission raided the premises of the four cement producers on 24 June 2009. Subsequently, PPC applied for leniency and confirmed the existence of a cartel among the four cement producers.

Four months ago the Commission concluded a settlement agreement with Afrisam, in which it confirmed information already provided by PPC in its leniency application and agreed to pay a penalty of R124 878 870 representing 3% of its 2010 cement annual turnover in the SACU region. This agreement has since been confirmed by the Tribunal.

According to the information obtained by the Commission, the four cement producers agreed to divide the cement market amongst them by allocating each producer the market share that it held prior to 1996 when a lawful cement cartel existed. This arrangement was bolstered by various meetings and contacts between the cement producers, inside and outside South Africa. The four cement producers also submitted sales information to the Cement and Concrete Institute ("C&CI") and used the aggregated information received from the C&CI as a mechanism for maintaining their arrangement.

In terms of the settlement with the Commission, Lafarge has further agreed to refrain from engaging in this conduct and to develop and implement a compliance programme for all its employees. The Commission has filed an application for confirmation of this settlement agreement with the Tribunal.

The Commission will be pursuing its case against NPC-Cimpor and is likely to refer it to the Tribunal for adjudication in the next month.

ENDS

Further Information:

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