

## **MEDIA RELEASE**

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### **Commission settles with AfriSam on cement cartel**

The Competition Commission has entered into a settlement agreement with AfriSam (South Africa) (Pty) Ltd ('AfriSam') in which the company admits that it took part in a cement cartel.

AfriSam has agreed to pay a penalty of R124 878 870.00 representing 3% of its 2010 cement annual turnover in the Southern African Customs Union (South Africa, Botswana, Lesotho, Swaziland and Namibia). This settlement is a reflection of AfriSam's material cooperation with the Commission in uncovering and providing further information on the conduct.

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

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.

In terms of the settlement, AfriSam admits that it entered into agreements and arrangements with PPC, Lafarge and NPC to divide markets and indirectly fix the price of cement.

It also confirms information already provided by PPC in its leniency application. According to this information, the four cement producers agreed to divide the cement market amongst themselves 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 for South Africa ("C&CI") and used the aggregated information received from the C&CI as a mechanism for maintaining their arrangement.

AfriSam has further agreed to refrain from engaging in this conduct and to develop and implement a compliance programme for all its employees.

The Commission is at an advanced stage of this investigation and will now look at concluding it with AfriSam and PPC's cooperation. The Commission has filed an application for the confirmation of this settlement agreement with the Tribunal.

ENDS

Further Information:

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