

MEDIA RELEASE

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Commission refers cable investigation

The Competition Commission (the Commission) has referred to the Competition Tribunal (Tribunal) its findings of cartel conduct against Alvern Cables, South Ocean Electric Wire Company (SOEW), Tulisa Cables, and Aberdare Cables who are all suppliers of power cables

Power cables include products such as house wire, surface twin and earth wire and are generally made from, amongst other things, copper, aluminium, polyethylene, steel tape and galvanised wire. Power cables are used to distribute electricity to residential (i.e, home appliances, lighting) and commercial users (including light industrials).

The Commissioner initiated this investigation in March 2010 and on 6 May 2010 the Commission conducted a search and seizure operation, against the firms for possible price fixing and market allocation contraventions.

The Commission found that between 2001 to at least 2010, the firms directly or indirectly fixed the selling prices of power cables to wholesalers, distributors and original equipment manufacturers. Amongst the affected customers are: The Bidvest Group (Voltex Group); ARB Holdings Ltd; Universal Cables (Pty) Ltd; Trinity Cables CC; Powermac; Paragons; South Atlantic Cables and Electrobase.

It was furthermore found that from about 2001 to at least end 2007, Aberdare agreed, with SOEW and Alvern respectively to divide markets by allocating customers.

The firms would have regular meetings and telephone conversations to discuss power cable price adjustments. These meetings were sometimes held at coffee shops and took place as and when there was a significant change in prices of input materials.

The Commission has asked the Tribunal to impose an administrative penalty of 10 percent of annual turnover on each of the firms involved, except for Aberdare who has been granted conditional leniency.

The acting Commissioner, Tembinkosi Bonakele said, "Our country continues to be a friendly destination for foreign investment, and with an economy that works progressively for both the local and international businesses. We have been working tirelessly to thwart any effort that goes to undermine South Africa's global position that provides value to businesses. Our steadily growing economy can ill-afford rogue business practices".

"As a regulatory body with a powerful mandate in our young democracy, we have a responsibility to ensure that the market place is free of anticompetitive behaviour including collusion which simply put, robs the citizens of our country who are the end users. We are grateful for those that cooperate and wish to encourage citizens to be part of alerting the Commission and providing us with invaluable information to help us uproot the unacceptable anti-competitive practices", Bonakele concluded.

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