

PRESS STATEMENT

13 February 2009

Aveng fined R46m for collusion

The Competition Commission today referred the findings of its investigation into collusion by manufacturers of pipes, culverts and manholes to the Competition Tribunal for determination. In the same matter, the Commission referred a consent agreement with Infraset, a division of Aveng Manufacturing, a subsidiary of listed entity Aveng (Africa) Limited to the Competition Tribunal for confirmation, in which Aveng admits that Infraset colluded with its competitors in contravention of the Competition Act.

Aveng has agreed to pay an administrative penalty of R46 277 000.00 which amounts to 8% of Infraset's turnover. Aveng has also agreed to develop and implement a formal compliance programme.

Infraset is involved in the manufacture of precast concrete pipes and culverts which are used in building and construction.

Aveng has admitted that Infraset was party to price fixing, market allocation and collusive tendering in the markets for concrete pipes and culverts in Gauteng, KwaZulu-Natal and the Western Cape.

Background

During December 2007, the Commission received an application for leniency under its corporate leniency programme from Rocla regarding its involvement in a cartel in the precast concrete market within South Africa. The Commission initiated an investigation and found that Rocla, together with Southern Pipeline Contractors, Concrete Units, Infraset, Grallio, Cobro, Cape Concrete, Concrete Walls, Craig Concrete and D&D had engaged in the following conduct:

- fixing the selling price of pipes, culverts and manholes
- dividing the markets for the production and distribution of pipes, culverts and manholes; and
- collusive tendering in respect of the supply of precast concrete sleepers to certain projects.

The respondents had regular meetings around the country in which they discussed and agreed to divide contracts amongst each other, divide geographic markets between the parties, allocate products to one another and implement mechanisms to monitor any deviations from the agreed upon terms. The arrangements of the respondents mainly applied in the Gauteng, KwaZulu-Natal and the Western Cape areas.

In general, pipes, manholes and culverts are sold mainly to building contractors who are contracted to the government or private enterprises to construct and erect pipelines and sewerage systems, or sold directly to government departments and municipalities.

Apart from the consent agreement that the Commission has concluded with Aveng, and the conditional leniency awarded to Rocla, the Commission is seeking the maximum allowable penalty of 10% of annual turnover in the preceding financial year for the remaining respondents in this cartel.

ENDS

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