

PRESS STATEMENT

14 September 2009

Competition Commission refers findings of wire investigation to the Tribunal

The Competition Commission has on Tuesday, 08 September 2009 referred findings of collusion by 11 companies involved in the manufacturing and distribution of wire and wire products in South Africa, Botswana, Swaziland, Mozambique and Namibia, to the Tribunal for prosecution.

The 11 companies include Cape Gate, Allens Meshco, Hendok, Independent Galvanising and Meshrite. They sell wire and wire products to agricultural co-operatives, fence erectors, hardware stores and resellers.

The Commission is recommending that the Tribunal impose an administrative penalty of 10% on each of the respondents based on their respective annual turnover for the preceding financial year.

Background

In January 2007, the Commission referred a cartel case to the Tribunal against Allens Mescho, Wireforce Steelbar, Hendok, Galvwire, Independent Galvanising and Meshrite, alleging that the respondents directly or indirectly fixed a purchase or selling price in respect of lightly galvanised wire, nails, wire and various wire products.

Following this referral, during July 2008, Consolidated Wire Industries (CWI) a subsidiary of Scaw South Africa (Pty) Ltd admitted that its employees participated in price-fixing meetings with their competitors namely Cape Gate, Allens Meshco and Hendok. They agreed on a national price list for wire and wire products, on adjustments to the national price list and in collusive tendering of cable armouring wire. CWI and Cape Gate also agreed not to target each other's customers.

Evidence gathered by the Commission through its investigation confirms that, from 2001 to 2008, the respondents contravened the Competition Act by engaging in price-fixing, market allocation and collusive tendering. The tenders involved include tenders from Harmony Gold, African Cables and Malasela Technologies.

Consolidation

The Commission has consequently applied for a postponement of the hearing of the 2007 case, which was set to take place on 5 – 16 October 2009 and will apply to consolidate the two referrals.

“Given similarities in the conduct investigated and the parties involved, we believe it is appropriate that both these cases be heard at the same time by the Tribunal,” says Commissioner Shan Ramburuth.

This referral marks further inroads that the Commission is making in the infrastructure and construction sector, a sector which remains a priority for competition enforcement.

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