



**Media release from the Competition Commission**

**30 January 2009**

**Competition Commission busts pipe products cartel**

The Competition Commission has uncovered a cartel operating in the industry which manufactures Polyvinylchloride (PVC) and High Density Polyethylene (HDPE) pipe products for use in the South African building (plumbing), civil, mining and agricultural sectors.

One of the cartel members, DPI Plastics applied for and has been granted conditional immunity from prosecution and fines in terms of the Commission's Corporate Leniency Policy (CLP).

As a consequence of information received during an earlier merger application and DPI's CLP application, the Commissioner initiated an investigation into the alleged cartel activity.

The Commission has found evidence of bid rigging, price fixing and the allocation of markets or customers amongst Swan Plastics (Pty) Ltd (Swan Plastics), Marley Pipes Systems (Pty) Ltd (Marley), Petzetakis (Pty) Ltd (Petzetakis), Amitech South Africa (Pty) Ltd (Amitech), MacNeil Agencies (Pty) Ltd, Flo-Tek Pipes (Pty) Ltd, Andrag (Pty) Ltd and Gazelle Plastics (Pty) Ltd.

The Commission has referred a complaint of collusion against these companies to the Competition Tribunal for adjudication.

Shan Ramburuth, Commissioner at the Competition Commission says cartels by their very nature substantially eliminate or restrict competition. "Society and customers suffer as a result. The conduct of the respondents is no different. They have artificially manipulated prices and tendering in such a way that the respondents' customers were deprived of competitive choices."

**Background**

On 12 October 2007, DPI filed an intermediate merger notification with the Commission. It intended to merge with Incedon Cape (Pty) Ltd. During the course of the merger investigation it transpired that the respondents referred to above were involved in price-fixing, bid rigging and allocation of contracts in contravention of the Act.

The intermediate merger was prohibited by the Commission on 10 January 2008.

Prior to the prohibition of the merger, on 9 January 2008, DPI applied for immunity from prosecution and fines in terms of the Commission's Corporate Leniency Policy. The Commission thereafter initiated an investigation.

**Resolving cases of alleged collusion**

The Commission will be seeking a fine of 10% of the companies' turnover, but notes it has received approaches for leniency and settlement. Where leniency is granted, applicants may pay no fine while those settling would still be liable for a penalty.



Through cooperation by companies in these ways, the Commission is able to resolve cases more rapidly and effectively, to put an end to collusion and ensure more competitive prices.

ENDS

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