

## **Press Release**

**30 September 2009**

### **Competition Commission uncovers mining roof bolts cartel**

The Competition Commission has today referred its findings of cartel activity by Aveng (Africa) Ltd, trading as Duraset ("Duraset"), RSC Ekusasa Mining (Pty) Ltd (RSC), Dywidag-Systems International (Pty) Ltd ("DSI") and Videx Wire Products (Pty) Ltd ("Videx") to the Tribunal for adjudication and has asked the Tribunal to levy an administrative penalty of 10% on the annual turnover of three of the firms.

All of the respondents are suppliers of mining roof bolts. These are used to provide roof and wall support in underground mines to prevent cave-ins and to keep a mine accessible over extended periods of time.

The Commission initiated this investigation into cartel activity based on information received in a leniency application by RSC, a subsidiary of Murray & Roberts Steel, on 26 September 2008. RSC was the first among the cartel members to come forward and admit it had colluded with its competitors. Subsequently, another party attempted to apply for leniency, but this was rejected since conditional leniency had already been granted to RSC in respect of the conduct.

The investigation revealed that the mining roof bolts cartel may have started during the 1990's and was resuscitated around 2002 when DSI entered the market with prices considered by its competitors as "exceptionally low and unsustainable". This resulted in a price war, after which the respondents arranged to meet and discuss how to coordinate their conduct in the supply of mining roof bolts.

Over an extended period of time the respondents agreed not to sell to "each other's mines" and under the guise of an industry association, each member was allocated 25% of market share. These cartel members had agreements to allocate customers and products and also to collude on tenders until 2008. Their major customers included De Beers, Goldfields, Harmony, Anglo Platinum, Lonmin and Sasol Coal.

ENDS

Jennifer Cohen 011 214 2401 / 082 468 6469 [jennifer.cohen@fd.com](mailto:jennifer.cohen@fd.com)

Dani Cohen 021 487 9021 / 082 897 0443 [dani.cohen@fd.com](mailto:dani.cohen@fd.com)

Senzi Dlamini 011 214 2420 / 073 494 0030 [senzi.dlamini@fd.com](mailto:senzi.dlamini@fd.com)

### **On behalf of: The Competition Commission**

Further info:

Molebogeng Taunyane, Co-ordinator: External Communications

012 394 3289 / 082 646 8663 / [molebogengt@compcom.co.za](mailto:molebogengt@compcom.co.za)