



**Press release**

***Competition Commission settles with Foodcorp***

5 January 2009

The Competition Commission has reached a settlement agreement with Foodcorp (Pty) Ltd over the latter's participation in the bread cartel and referred the matter to the Competition Tribunal today for confirmation. The hearing is scheduled for 10:00 tomorrow, 6 January.

In terms of the consent agreement, Foodcorp admits that Sunbake Bakeries (operated by Foodcorp) was engaged in fixing the price of bread sold to consumers. Foodcorp has agreed to pay an administrative penalty of R45 406 359.82, representing 6,7% of Foodcorp's turnover from all its baking operations for the 2006 financial year.

Foodcorp has agreed to cooperate with the Commission in the prosecution of any other cartel members and to develop and implement a compliance programme to ensure that the company does not engage in anti-competitive behaviour.

**Background**

The Competition Commission received complaints from bread distributors in the Western Cape regarding price fixing and market allocation in December 2006 by Premier Foods, Tiger Brands and Pioneer Foods. The Commission initiated an investigation and shortly thereafter Premier Foods applied for leniency from prosecution under the Commission's Corporate Leniency Programme (CLP) in exchange for assisting the Commission in its investigations. The investigation was subsequently expanded to include allegations of price fixing and market allocation throughout South Africa and to include Foodcorp as a respondent. Premier Foods was granted conditional immunity for its participation in cartel activities in both the milling and bread industries.

The Commission's investigation established that during the period 1995 to 2006, Premier Foods, Tiger Brands, Pioneer Foods and Foodcorp were involved in price fixing and market allocation in contravention of section 4(1)(b)(i) and (ii).

The Commission found that they held telephonic discussions and meetings where they directly fixed the selling price of bread; directly fixed the dates when such agreed price increases would be effective; and divided markets by allocating territories where each firm would be the only one operating a bakery in a particular territory and supply all distributors in the allocated area.

Subsequently, the Commission received a complaint that Foodcorp's Sunbake Bakery had been involved in a similar conduct in Malelane and surrounding areas. The settlement agreement between the Commission and Foodcorp includes both the national bread investigation and the Malelane complaint.

Following this, Tiger concluded a settlement agreement with the Commission which included the imposition of an administrative penalty of R98 784 869.90. Tiger also agreed to assist the Commission in prosecuting the remaining cartel members who have not cooperated with the Commission; and agreed to



implement a compliance programme to eradicate anticompetitive practices in the company.

Tiger brought additional information regarding collusive activities in the milling industry to the Commission's attention and was granted conditional leniency in respect of this aspect of its business.

Foodcorp also approached the Commission indicating its willingness to settle and requested an opportunity to conduct its own internal investigation.

Pioneer Foods (Pty) Ltd, trading as Sasko and Duens bakeries, remains the sole respondent in the case.

ENDS

Prepared by: FD Beachhead  
Jennifer Cohen 082 468 6469/ [jennifer.cohen@fd.com](mailto:jennifer.cohen@fd.com)

**On behalf of: The Competition Commission**

Further info  
Nandi Mokoena, Manager: Strategy and Stakeholder Relations  
012 394 3286 or 082 399 1328