

Media Release

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Apollo Tyres settles its price fixing case with a R45 million fine

The Competition Commission has entered into a settlement agreement with Apollo Tyres South Africa ("Apollo"), formerly Dunlop, in which Apollo admits that it took part in the tyre manufacturers' cartel. The cartel involved the main tyre manufacturers in agreeing on pricing and price increases, known amongst them as "coffee table talks".

Apollo Tyres has agreed to pay a penalty of R45 million which represents 4, 75% of its 2008 total turnover and admits that it was involved in price fixing conduct.

The agreement follows the Commission's referral on 6 September 2010 of the findings of its investigation against the South African Tyre Manufacturers Conference (Pty) Ltd ("SATMC") and four local tyre manufacturers and suppliers namely, Apollo, Goodyear South Africa (Pty) Ltd, Continental Tyre South Africa (Pty) Ltd and Bridgestone South Africa (Pty) Ltd ("Bridgestone") to the Competition Tribunal for adjudication. Bridgestone was granted conditional immunity by the Commission following its application for corporate leniency and corporation pursuant thereto.

The Commission initiated this case following a complaint lodged by a fleet owner, alleging that the local tyre manufacturers simultaneously adjusted their prices around the same time and within the same parameters. This was followed by a search and seizure operation on the premises of Bridgestone, Apollo and SATMC on 04 April 2008. Subsequently, Bridgestone applied for and was granted conditional immunity from prosecution.

The Commission's investigation revealed that the cartel operated during the period 1999 to at least 2007. The tyre manufacturers agreed on price increases, timing of price increases and implementation thereof. It further found that the SATMC was used as a platform to conduct these discussions.

The cartel concerned the manufacture and supply of passenger tyres, light truck/commercial tyres, trucks and bus tyres, off the road tyres, agricultural tyres and earthmover tyres in South Africa. The main customers of these products are tyre dealers who purchase tyres for resale to consumers, vehicle manufacturers who purchase tyres for new vehicles models and the government which procures tyres for state owned vehicles and fleets through a tender process managed by the State Tender Board.

The Commission welcomes the settlement by Apollo, noting the cooperation on the part of new owners of the company after it was acquired from Dunlop in 2006. Apollo has further agreed to refrain from engaging in this conduct and to develop and implement a compliance programme to ensure its employees are aware of the provisions of the Competition Act.

The Commission has filed an application for the confirmation of this settlement agreement with the Tribunal.

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Further info:

Molebogeng Taunyane, Coordinator: External Communications
012 394 3289/ 082 646 8663/ molebogengt@compcom.co.za