

## **MEDIA RELEASE**

**06 June 2011**

### **Commission reaches settlement agreements with grain storage and trading companies**

The Competition Commission has reached settlement agreements with four members of the Grain Storage Industry, in which they admit to fixing the daily grain storage tariff for South African Futures Market (SAFEX) and for the physical grain storage market. The firms are Afgri Operations Limited (Afgri), Kaap Agri Bedryf Limited (Kaap Agri), MGK Bedryfmaatskappy (Pty) Limited (MGK) and Suidwes Agriculture (Pty) Limited (Suidwes). These firms are competitors in the grain storage market.

The Commission initiated an investigation against members of the grain silo industry on 17 March 2009, in which it was found that the storage rates for SAFEX were agreed to by all members and shareholders of the Grain Silo Industry which amounted to price fixing. Further, the investigation revealed that the SAFEX storage rates were utilised as a reference point for the physical grain storage market which amounts to indirect price fixing.

In a separate case, the Commission also reached a settlement with Rand Merchant Bank (RMB) and NWK Limited (NWK) over allegations of dividing the grain trade market in which they compete by allocating territories and customers. This follows an agreement entered into by RMB and NWK in 2005 in respect of grain owned by RMB and stored in NWK silos.

The Commission has filed application with the Tribunal for confirmation of these settlements.

In terms of the agreements all the respondents have committed to cooperating with the Commission in prosecuting these cases; to cease and desist from engaging in anti-competitive conduct and to develop and implement competition compliance programmes. All respondents have also admitted to contravening the Competition Act. Furthermore, they will also pay cumulative administrative penalties of R 21,175,891.99 (twenty one million one hundred and seventy five thousand, eight hundred and ninety one ninety nine cents) administrative penalty. Each firm will pay an administrative penalty as follows:

- Suidwes – R 1 529 726.63;
- MGK – R226 800;
- Kaap Agri – R 1,199, 075.36;
- Afgri – R15 600 000.00;
- RMB – R2, 1 million; and
- NWK – R 520 290.

**ENDS**

Further Information:

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