

Media Release

Date: 13 May 2013

Tribunal to hear excessive pricing case against Sasol

A complaint of excessive pricing against Sasol Chemical Industries Limited ("Sasol") and Safripol (Pty) Ltd, referred by the Competition Commission to the Competition Tribunal, will be heard between 13 May to 7 June 2013. The Commission referred this case to the Competition Tribunal on [12 August 2010].

The Commission will call the following witnesses: Miriam Jacob of SA Leisure; Julius Lebi of Usabco; Gavin Gerber, formerly of Plastamid, Pieter Van Der Walt of SB Plastics, Joaquin Schoch of Safripol, Dr Zavareh Rustomjee, Richard Sleep, Dr Simon Roberts, Professor Harvey Wainer

The respondents will call the following witnesses: Leslie MacDougall, Chris Osborne, Dr Jorge Padilla, Gregory Harman, Dr Remko Koster, Stephan Malherbe, Norbert Behrens

The order of the witnesses is expected to be as listed above.

The Commission initiated the investigation in 2007 following concerns raised by the Department of Trade and Industry (dti) about polymer pricing and its negative effect on diversified growth and employment in manufacturing.

The Commission found that Sasol had charged excessive prices for polypropylene and propylene to its local customers in line with import parity pricing. Further, that Sasol and Safripol engaged in collusive conduct as a result of the implementation of the supply agreement including the operation of the pricing formula and the exchange of information relating to the pricing of polypropylene.

Sasol is the dominant supplier of propylene, for its own use and that of Safripol. It is also the major supplier of polypropylene to the South African market along with Safripol. The Commission found that South Africa is also a major exporter of polypropylene reflecting its competitive position in this product. One would therefore have expected pricing to local customers to be on the same basis as export prices, however, this is not the case.

Polypropylene, a plastics polymer is used by plastics converters to manufacture a wide range of products. The competitiveness of local manufacturers in these relatively labour intensive activities depends on competitively priced polypropylene input.

At the time of the referral of the complaint, Commissioner Shan Ramburuth emphasised that this is an important case as it goes to the heart of government's objective to support employment creation and growth in downstream manufacturing.

The Commission is seeking a penalty of 10% of Sasol's annual turnover for each of these contraventions.

ENDS

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