



competition commission
south africa

MEDIA RELEASE

26 May 2016

COMPETITION COMMISSION RAIDS OFFICES OF SUPPLIERS OF PACKAGING PAPER

Today, 26 May 2016, the Competition Commission (Commission) is conducting a search and seizure operation at the Gauteng and Free State premises of New Era Packaging (Pty) Ltd (New Era) and Mpact Limited (Mpact). This operation is conducted as part of an ongoing investigation into allegations of collusion involving the two firms.

New Era and Mpact are the largest producers of packaging paper products in South Africa. They produce packaging sheets, including kraft paper, containerboard and corrugated sheets, and convert these products into paper bags, cartons and boxes. New Era and Mpact also sell sheet-fed packaging papers to independent converters who convert them into paper bags, cartons and boxes in competition with New Era and Mpact. These products are then sold to customers such as Simba, Enterprise Foods, Colgate and cement factories.

The Commission has reasonable grounds to suspect that New Era and Mpact have engaged in collusive practices in contravention of the Competition Act, which prohibits competitors from reaching agreements to fix prices, allocate customers or rig tenders. This search and seizure operation is conducted with due regard to the rights of New Era and Mpact, and all persons affected. During the operation the Commission will seize all documents and electronic data relevant to the investigation.

In terms of section 48 of the Competition Act, the Commission is authorised to enter and search premises and seize documents which have a bearing on an investigation. The Commission has obtained warrants authorizing it to search the offices of New Era and Mpact at the North Gauteng High Court, Pretoria, and Free State High Court, Bloemfontein.

“Packaging paper products are an important input and certainly contribute to the costs of various products requiring paper packaging and as such, the Competition Commission takes allegations of collusion in this sector seriously. Once this investigation has been completed, we will prosecute any firm found to have acted in contravention of the Competition Act”, says Competition Commissioner, Tembinkosi Bonakele.

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