



Media Statement
For Immediate Release
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POULTRY FEEDING EQUIPMENT MAKERS PROSECUTED

The Commission has referred to the Competition Tribunal for prosecution two companies which make and supply flat wire, augers and auger coiling machinery to the global poultry feeding market.

Technical Systems (Pty) Ltd (Technical Systems) and CGC Industries (Pty) Ltd trading as RTS Industries (Pty) Ltd (RTS) face charges relating to division of markets by allocating territories. They agreed between themselves that RTS would exit the market throughout the world. The conduct, which started in June 2015 and which is ongoing, is in contravention of the Competition Act.

Background

Before entering into the collusive agreement, the owner of RTS was a Technical Systems employee. He resigned in 2009 and signed a three year restraint of trade agreement. Later in 2009, he formed RTS and started directly competing with Technical Systems, in breach of the restraint agreement.

In 2014, Technical Systems sued RTS and its owner, in his personal capacity, for breaching the 2009 restraint agreement. In June 2015, RTS reached a settlement agreement with Technical Systems before the Western Cape High Court in terms of which RTS is forever prohibited from entering the market.

The investigation has established that the agreement runs in perpetuity and that RTS would never enter the market without approval by Technical Systems. RTS conceded to this arrangement on fear of endless litigation. This conduct is in contravention of the Competition Act.

Corporate Leniency Policy

The Corporate Leniency Policy is aimed at eradicating and preventing cartel activity as it harms the economy at large. Cartels are particularly a damaging form of anti-competitive agreement often resulting in price increases that are harmful to consumers of goods or services concerned. Not only does such activity affect consumer welfare, but it also hinders development and innovation in the industries within which this activity occurs. The Commission is not seeking a penalty against RTS, which earlier applied for leniency. RTS has cooperated with the Commission and will assist the Commission in its prosecution of Technical Systems.

Issued by:

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