

Media Release

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Commission's investigation uncovers a cartel in the tyre manufacturing industry

The Competition Commission has referred a complaint price fixing against the South African Tyre Manufacturers Conference (Pty) Ltd ("SATMC") and four tyre manufactures and suppliers namely, Apollo Tyres South Africa (Pty) Ltd ("Apollo"), Goodyear South Africa (Pty) Ltd ("Goodyear"), Continental Tyre South Africa (Pty) Ltd ("Continental") and Bridgestone South Africa (Pty) Ltd ("Bridgestone") to the Competition Tribunal for adjudication.

The Commission's investigation was prompted by a complaint alleging that the tyre manufacturers simultaneously adjusted their prices around the same time and within the same parameters. As a result of the complaint, on 04 April 2008 the Commission conducted a search and seizure operation at the premises of Bridgestone, Apollo and the SATMC.

Pursuant to the Commission's investigation and interrogations, one of the cartel members, Bridgestone applied for and was granted conditional immunity from prosecution in terms of the Commission's Corporate Leniency Policy (CLP).

In its application for leniency, Bridgestone admitted that it held telephonic discussions and met with its competitors during the period 1999 to 2007 to agree in principle that they should cooperate to ensure stability in the market. The meetings, which were attended by the tyre manufacturers' sales and marketing representatives, co-ordinated the timing and the average percentage price increase of tyres, agreed on the discount structure to be given to tyre dealers and messages to be given to the market explaining the increases.

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 the participants to the cartel are tyre dealers who purchase tyres for resale to consumers, vehicle manufacturers who purchase tyres for new vehicle 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's investigation found that the SATMC was used as a platform for what has been termed "coffee table discussions" to determine price increases and general coordination in the market amongst the tyre manufacturers. The investigation also found that importers of tyre products namely Yokohama Southern Africa (Pty) Ltd and Michelin Tyre Company South Africa (Pty) Ltd were not involved in the cartel conduct.

The Commission has requested the Tribunal to impose an administrative penalty amounting to 10 percent of the total turnover of each of the SATMC, Apollo, Goodyear and Continental.

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Further info:

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