

Press Release

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The Commission refers its price fixing findings against major oil companies

The Competition Commission today referred to the Tribunal its findings of price fixing in the supply of bitumen against Chevron SA (Pty) Ltd ("Chevron"), Engen Limited ("Engen"), Shell SA (Pty) Ltd ("Shell"), Total SA (Pty) Ltd ("Total"), Masana Petroleum Solution (Pty) Ltd ("Masana"), Southern African Bitumen Association ("SABITA"), Sasol Limited ("Sasol") and Tosas (Pty) Ltd ("Tosas"), to the Tribunal for adjudication.

Bitumen is a residual fraction of crude oil. Bitumen and modified bitumen products are mainly used in road construction to tar and rehabilitate roads, which is mainly sold to government entities.

The Commission initiated this investigation on 12 January 2009, following an application for leniency by Sasol and its subsidiary Tosas. In its application Sasol admitted that together with its subsidiary, Tosas, it had colluded with its competitors and was granted conditional immunity from prosecution provided it cooperates with the Commission in its investigation and prosecution. The Commission has asked the Tribunal to impose an administrative penalty of 10% on each of the firms involved, except for Sasol and Tosas. Settlement terms have been agreed in principle with Masana whereby it (Masana) admits guilt and will pay an administrative penalty of R13 million. The settlement agreement will be referred to the Tribunal for confirmation shortly.

In its investigation the Commission found that the respondents engaged in collusive conduct from around 2000 until at least December 2009. The respondents collectively determined and agreed on pricing principles, including a starting reference price and monthly price adjustment mechanism.

This was facilitated through meetings convened by SABITA, as well as through correspondence through SABITA and direct communication between oil companies. The conduct resulted in final customers being charged prices which were not competitively determined.

All of the respondents compete in the supply of bitumen and bituminous products. They are also suppliers of a range of other petroleum products.

'The uncovering of the cartel is another important step in the Commission's work in addressing anti-competitive conduct affecting infrastructure development,' says Commissioner Shan Ramburuth.

ENDS

Further info:

Keitumetse Letebele, HOD: Communications
012 394 3183/ 082 783 3397/ keitumetsel@compcom.co.za