



competition commission
south africa

PRESS RELEASE

IMMEDIATE RELEASE

DATE 22 JUNE 2020

CAPRICHEM AGREES TO PAY R600 000 FOR ALLEGED EXCESSIVE PRICING

The Competition Commission has applied to the Competition Tribunal for confirmation as an order a settlement agreement with a Cape Town based company, Caprichem (Pty) Ltd (Caprichem). Caprichem has agreed to pay a settlement amount, comprising of an administrative penalty and contribution to the Solidarity Fund totalling R600 000.00 for allegedly charging excessive prices.

On Thursday 28 May 2020, the Commission referred a complaint against Caprichem for excessive pricing of 5L hand sanitizer to the detriment of customers and consumers. In terms of the settlement, Caprichem will pay an administrative penalty of R500 000.00.

Furthermore, Caprichem has undertaken to pay a contribution of R100 000,00 to the Solidarity Fund.

Caprichem has agreed to reduce their gross profit margin on 5L hand sanitizers for the duration of the state of the national disaster.

The settlement follows the Commission's investigation which found that the Capri Chem increased its prices of 5L hand sanitizer from R262.00 to R527.00 (including VAT) during the period 16 March to date, representing an increase in gross profit margin of 91% and a 1918% increase in net profit margin. This amounted to the total value of R548 422.96 of unduly earned profit.

Since the advent of COVID-19, the Commission has received over 1556 complaints or tip-offs related to excessive pricing of basic food products, masks and sanitizers. Of the 1556 received

complaints, 791 are COVID-19 related cases while 325 were referred for further investigations or prosecution. Most of these complaints have been from Gauteng.

To date, the Commission has referred and settled 18 COVID-19 related cases to the total value of R12 854 694,00 of which R5 316 990,00 has been donated to the Solidarity Fund. The Commission has encouraged firms to reach settlements in order to speed up the processing of excessive pricing cases. In most settlements, firms had undertaken to correct prices/margins and make a donation to a public interest organisation or the Solidarity Fund.

[ENDS]

Issued by:

Siyabulela Makunga, Acting Head of Communication

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 072 768 0238

Email: SiyabulelaM@compcom.co.za

Find us on the following social media platforms:

Twitter: @CompComSA

Instagram: Competition Commission SA

Facebook, LinkedIn and YouTube: The Competition Commission South Africa