



**competition commission**  
*south africa*

**Press Release**

**For Immediate Release**

**3 August 2020**

**COMPETITION TRIBUNAL CONFIRMS AN ORDER AGAINST A JAPAN-BASED COMPANY FOR FIXING AUTOMOTIVE COMPONENTS PRICES AND COLLUSIVE TENDERING**

The Competition Commission (Commission) welcomes the decision of the Competition Tribunal on 28 July 2020, that confirms as an order the consent agreement between the Commission and a Japanese company, Sumitomo Electric Industries Ltd (“SEI”), for fixing prices, dividing market and collusive tendering in contravention of section 4 (1) (b) (i), (ii) and (iii) of the Competition Act.

SEI is the first firm to settle with the Commission among the 69 automotive components manufacturers that are being investigated by the Commission for colluding on 301 tenders in the automotive components market.

In terms of the order, SEI agreed to pay an administrative penalty of **R437 278.38** (Four Hundred and Thirty-Seven Thousand Two Hundred and Seventy-Eight Rands, Thirty Eight Cents) within 30 days.

This follows a duo of complaints initiated by the Commission on 22 December 2014 and 23 February 2015, against SEI and Denso Corporation, private companies incorporated and registered under the laws of Japan, for allegedly fixing prices, dividing market and collusive tendering in contravention of section 4 (1) (b) (i), (ii) and (iii) of the Competition Act.

The Commission’s investigation revealed that during or about 2003, the respondents met, and/or held telephone conversations in order to discuss and agree to set the prices by which they would respond to the tender or Request For Quotation (“RFQ”) issued by Toyota in respect of the standard body electrical control units (“ECUs”) for the 2009 Toyota Prius, 2010 Toyota Verso, 2010 Toyota Auris and 2011 Toyota Yaris. The bidding process undertaken by the Original

Equipment Manufacturers (“OEMs”) such as Toyota and BMW typically entails the issue of the RFQ by the OEMs approximately three (3) years prior to production of a vehicle. It would then be before or during the bidding process whereby the respondent would meet or exchange the abovementioned information.

The implicated automotive models were sold in South Africa as follows, Toyota Prado 2010 to 2013, Prius from 2010 to 2013, Yaris from 2011 to 2014, Verso from 2010 to 2014 and Auris from 2010 to 2010.

**[ENDS]**

**Issued by:**

Siyabulela Makunga, Head of Communication/Spokesperson

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 072 768 0238 / 067 421 9883

Email: [SiyabulelaM@compcom.co.za](mailto: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

## BACKGROUND

From August 2014 to March 2017, the Commission initiated 310 complaints against 69 respondents involved in collusion on 92 components. The investigation arose from information received by the Commission that automotive component manufacturers colluded when bidding for tenders to supply automotive components to the Original Equipment Manufacturers (“OEMs”) such as Toyota, Honda, Nissan, Suzuki, Fuji (Subaru), Mitsubishi, Isuzu, Mazda, General Motors, BMW, Daimler, Volkswagen and others.

The investigation was launched against automotive components manufacturers such as Maruyasu Industrial Company Limited, Hitachi Company Limited, Mitsubishi Electric Corporation, Denso Corporation Tokai Rika Company Limited, NGK Spark Plug Company Limited, Mikuni Corporation, Aisin Industries Company Limited, Panasonic Corporation, Futaba Corporation and Fijistu-Ten Limited.

The components that were subjected to collusion, include, but not limited to, Inverters, Electric Power Steering ECU, Electric Power Steering and Motors, Glow Plugs, Electric Power Steering systems, Rear Sunshades, Pressure Regulator, Pulsation Damper, Purge Control Valves, Accelerator Pedal Modules, Power Management Controller, Evaporative Fuel Canister systems, Knock Sensors, Spark Plugs, Airbags, Seatbelts and Clearance Sonar systems.

The Commission investigation revealed that the manufacturers of the automotive components colluded when bidding for tender or responding to Request For Quotation (“RFQ”) issued by the OEMs for the supply of components. The bidding process undertaken by the OEMs typically entails the issue of a tender or RFQ by the OEMs approximately three (3) years prior to the production of a vehicle for the automotive components manufacturers to bid for the supply of the components. The automotive components manufacturers would meet and discuss how they are going to respond to the tender or RFQ.

The components were distributed or supplied in South Africa in one of the following ways: Directly to an OEM located in South Africa for installation in vehicles which are manufactured and supplied in South Africa; or to an OEM located outside of South Africa which then ships the components to South Africa for assembly in vehicles manufactured and sold in South Africa; or to an OEM located outside of South Africa which assembles vehicles outside of South Africa and then ships the finished vehicles to South Africa for sale in South Africa.

Given the number of components subjected to collusion as well as number of firms implicated in this collusion, the Commission invited these firms to settle the cases against them . Certain firms have taken this offer to settlement with the Commission and we are in the process of finalising settlements, while other elected not to settle. The firms that elected not to settle will be referred to the Tribunal for prosecution. SEI is the first among all of the automotive component manufacturers implicated in collusion which elected to settle with the Commission.