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United Concrete Products (Seychelles) & Civil Construction Company Limited

Alleged Price Fixing Agreement for Construction Materials

Case Number: FCA51

Date: December 2014

Complaint:

In the 1st week of August 2014, the Commission launched an investigation after receiving a enquiry from a customer via a telephone conversation. The customer had observed that there was a small margin in the prices of the materials been sold by United Concrete Products (Seychelles) Ltd (UCPS) and Civil Construction Company Limited (CCCL). This was followed by the receipt of an email on 20th August 2014 from 'Today in Seychelles', an independent newspaper, about UCPS and CCCL's unusually similar pricing structures. There was also an article in the same newspaper dated Saturday 23rd August 2014, where there was an expression of concern in relation to the narrow margin in prices for concrete blocks sold by the two relevant parties.

Commission's Assessment:

The Commission liaised with two regulatory authorities; the SLA and the SRC in order to gain more information.

Based on the Commission's assessment of UCPS and CCCL pricing structures, there were no evidence which suggests that there would be an incentive for the two companies to coordinate their prices. It is clear that both companies are facing similar market challenges/conditions and operating costs. It can be said that this is purely a case of price leadership.

Conclusion:

Following its investigation, it is of the Commission's opinion that no breach of Section 11 (1)(2) the FTC 09 has been established. Nonetheless, considering the current market structure and homogeneity of products concerned, the FTC as per its functions under Section 5 (1)(c) will keep under review such commercial activities, that may adversely or unfairly affect the interest of consumers and businesses are prevented or terminated.