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**6 October, 2017**

**Tribunal approves settlement agreements involving chemical companies accused of price fixing and dividing markets**

The Competition Tribunal has approved settlement agreements involving the Commission and Investchem (Pty) Ltd (Investchem) and the Commission and Akulu Marchon (Pty) Ltd (Akulu)/Chemical Initiatives (CI) with regard to price fixing and dividing markets to key chemical input materials used to make detergents, cosmetics and toiletries. Akulu and CI are ultimately owned by AECI (AECI).

In the Akulu agreement future conduct is binding to CI as far as it relates to AECI surfactants business of AECI. During 2014 and 2015 various businesses of within AECI’s Chemicals Cluster, including those operated by AECI Akulu division were transferred to AECI’s CI division.

The settlements, involving Investchem and Akulu, emanate from a Commission initiated complaint of 26 November 2014 in the market for the supply and manufacture of surfactants. This was followed by a search and seizure operation on 4 December 2014 on the premises of the respondents. Information obtained revealed that from 2003-2013 the respondents had entered into agreements to fix the prices of surfactants and divide the markets by allocation of customers to one another.

According to the Commission’s complaint the companies discussed and agreed on increasing prices of surfactants which would entail increased margins. In terms of the agreement the respondents would discuss increases of input costs and this would enable them to increases their prices by the same amount and at the same time in response to increases in input costs.

The respondents also allocated customers and agreed not to pursue each other’s allocated customer.

In terms of the agreements the respondents undertook, amongst other things, to submit Bi-Annual reports to the Commission and to supply an existing or prospective customer with any of the types of surfactants manufactured or supplied by the companies at the time the customer orders the Surfactants.

Investchem has agreed to pay a penalty of R23 423 155.00 (twenty three million four hundred and twenty three thousand and one hundred and fifty five Rand) while Akulu will pay R13 905 600.40 (thirteen million nine hundred and five thousand and six hundred rand and forty cents) in terms of the settlement agreement each concluded with the Commission.

* Surfactants (surface active agents) are one of many different compounds that may act as detergents, wetting agents, emulsifiers, foaming agents and dispersants.

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