



Decision of the Competition Commission

CCM/DS/0030/37

Non-Confidential

**Application for immunity under the Amnesty
Programme for Resale Price Maintenance**

by

Tea Blenders Ltd

21 June 2019

Competition Commission

Decision of the Competition Commission (the 'Commission') on the application by Tea Blenders Ltd for immunity under the Amnesty Programme for Resale Price Maintenance

THE COMMISSION –

Mrs M. Rajabally - Commissioner,
Mr. C. Seebaluck - Commissioner,
Mrs. V. Bikhoo - Commissioner,

Having regard to the Competition Act 2007,

Having regard to the Competition Commission Rules of Procedure 2009,

Having regard to the Undertakings given by Tea Blenders Ltd on 16 November 2018,

Having regard to a report of the Executive Director of the Commission (the 'Executive Director') dated 15 February 2019 on the Undertakings given by Tea Blenders Ltd.

We, Commissioners, decide as follows:

Introduction

- 1.0 This is an application for immunity dated 17 October 2017 made by Tea Blenders Ltd (the Applicant), through its Director, Mr Roland Hein de Charmoy, pursuant to the Competition Commission's Amnesty Programme for Resale Price Maintenance (RPM) prescribed under paragraph 5.6A of CCM3 Guidelines on Collusive Agreements. As part of the conditions set out thereunder, undertakings ('the Undertakings') have been offered to the Competition Commission (the 'Commission') by the Applicant on 16 November 2018.
- 2.0 Having taken cognizance of a report (the Report) of the Executive Director dated 15 February 2019 in respect of this matter, the Commission has determined the present matter under section 59(7) of the Competition Act (the Act), the conditions prescribed under paragraph 5.6A of CCM3 Guidelines on Collusive Agreements and considering in particular, the Undertakings offered pursuant to section 63(3) of the Act.

The law

- 3.0 Section 43 of the Act prohibits and renders void 'any vertical agreement between enterprises to the extent that it involves resale price maintenance'. RPM is in turn defined under section 2 of the Act as 'an agreement between a supplier and a dealer with the object or effect of directly or indirectly establishing a fixed or minimum price or price level to be observed by the dealer when reselling a product or service to his customers'.

- 4.0 An enterprise can only benefit from immunity to financial penalty if it is involved in conduct(s) that falls within the scope of section 43 of the Act and satisfies the conditions prescribed for the RPM Amnesty Programme, that is if it -
- 4.1 admits its participation in an agreement involving RPM;
 - 4.2 provides the Commission with all the information, documents and evidence available to it regarding its RPM conduct;
 - 4.3 maintains continuous and complete co-operation until the conclusion of any action by the Commission in relation to the matter; and
 - 4.4 offers undertakings that satisfactorily address the competition concerns of the Commission.
- 5.0 The threshold for accepting undertakings under section 63(3) is that the Commission must be satisfied that they address "all the concerns it has about any prevention, restriction [or] distortion (...) of competition".
- 6.0 Pursuant to section 59 of the Act, the Commission may grant immunity or leniency to any person in such circumstances as may be prescribed. Effective from 05th June 2017 until 20th October 2017 inclusively, the Commission put in place a one-off, time-limited amnesty programme for any enterprise involved in resale price maintenance by waiving the restriction at paragraph 5.3 of CCM3 Guidelines on Collusive Agreements, viz., that only RPM which facilitates a cartel can benefit from leniency and the associated footnote 3 thereat and subject to the applicant-enterprise fulfilling the conditions prescribed under paragraph 5.6A (b) of the said Guidelines (the 'RPM Amnesty Programme').

Facts

- 7.0 As per information available on the website of the Corporate and Business Registration Department of the Ministry of Finance and Economic Development, the Applicant was duly incorporated as a private company on 25 July 1978, bearing Company Reg. No. C3028 and Business Reg. No. C07003028, and its principal place of address is Solitude Industrial Estate, Triolet.
- 8.0 The Applicant is an importer and distributor of branded dry, chilled and frozen food products in Mauritius.
- 9.0 The Applicant has admitted, in its application letter, its participation in RPM conduct which is two-fold –
- 9.1 issuing to resellers price lists which contain the term "price to consumer"; and
 - 9.2 issuing to resellers computer generated invoices with the term "price to consumer" and handwritten invoices containing prices abbreviated as "P.P" which may be interpreted as 'Public Price'.

Investigation and findings

- 10.0 Upon receipt of the Application and pursuant to section 51 of the Act, the Executive Director proceeded to investigate (INV042/RPM/037) whether the reported conduct may amount to an RPM within the ambit of section 43 of the Act.
- 11.0 The Executive Director submitted his Report on the matter to the Commission on 15th February 2019. The Report contains the findings of the Executive Director, his assessment of whether the proposed Undertakings address all the concerns identified by him, and his recommendations in respect of the Application.
- 12.0 The findings of the Executive Director further to the assessments carried out are that-
- 12.1 the Application satisfies the conditions set out under paragraph 5.6A of CCM3 Guidelines for RPM amnesty;
 - 12.2 the Applicant in its capacity as an importer and distributor of branded dry, chilled and frozen food products has engaged in a conduct that raises competition concerns under section 43 of the Act;
 - 12.3 the Undertakings offered as part of the Application satisfactorily address all the concerns he has about any prevention, restriction of competition as required under section 63 of the Act, in that the Applicant has undertaken:-
 - 12.3.1 to take all appropriate measures to ensure that its officers, directors, and employees who are engaged in the sale and marketing of its products with resellers/dealers are fully aware of and actively implement the Undertakings when designing and/or implementing its commercial policy for its resellers/dealers, in line with the provisions of the Act.;
 - 12.3.2 to submit to the Commission a copy of the amended price list and invoice which is in compliance with the Act and the Undertakings as evidence that it has irrevocably ceased the resale price maintenance; and
 - 12.3.3 to, by the full implementation date, submit a written report to the Commission detailing the implementation of the Undertakings
- 13.0 The Applicant has already amended its price lists and invoices such that where it recommends a resale price, it is clearly marked as recommended price and it will ensure that such prices appear on invoices and price lists. We have taken cognisance of the contents of the amended invoice issued by the Applicant to one of its authorised distributor, D.A.J Co. Ltd, which was submitted with the said undertakings.

Executive Director's recommendations

- 14.0. The Executive Director recommends that the Commission accepts the Undertakings and grant immunity from fine to the Applicant for its participation in the RPM conduct it has reported to him.

Determination

- 15.0 Having regard to the Application submitted by the Applicant, the concerns which have been identified by the Executive Director in his Report, and the Undertakings offered by the Applicant, the Commission determines that –

15.1 the Applicant has, in its Application, admitted, in clear and unequivocal terms, its participation in one or more RPM agreement(s) viz admission of having participated in or otherwise having engaged in conduct which, in relation to the supply of branded dry, chilled and frozen food products island wide, falls within the ambit of section 43 of the Act;

15.2 The Applicant has complied with requirements (ii) and (iii) of paragraph 5.6A(b) of the CCM 3 Guidelines, as stated in the Report; and

15.3 The Undertakings submitted by the Applicant satisfactorily address the Commission's concerns in so far as it will ensure that Applicant ceases its participation in RPM agreements.

Decision

- 16.0 The Commission therefore decides as follows:

16.1 We accept that the Applicant satisfies the conditions prescribed under the RPM Amnesty Programme as set out in paragraph 5.6A of the CCM 3 Guidelines on Collusive Agreements.

16.2 We accept the Undertakings offered and direct the Applicant to comply with same in its entirety.

16.3 The Undertakings shall be effective as from the date of this Decision.


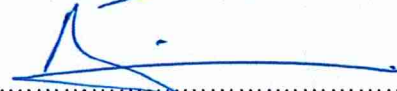
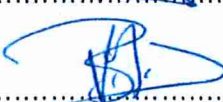
16.4 We grant immunity from financial penalty to the Applicant pursuant to section 59(7) of the Act for the Reported RPM conduct during the period 25 November 2009 to 17 October 2017 only.

Mr. C. Seebaluck
(Chairperson)

Mrs. M. B. Rajabally
(Commissioner)

Mrs. V. Bikhoo
(Commissioner)

21 June 2019


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