



# **Decision of the Competition Commission**

**CCM/DS/0030/26**

**Non-Confidential**

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

**by**

**Cernol Marketing Ltd**

**21 June 2019**

# Competition Commission

**Decision of the Competition Commission (the 'Commission') on the application made by Cernol Marketing 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 Cernol Marketing Ltd on 04 December 2018,

Having regard to a report of the Executive Director of the Commission dated 15 February 2019 on the Undertakings given by Cernol Marketing Ltd,

We, Commissioners, decide as follows:

### Introduction

- 1.0 This Decision relates to an application for immunity dated 8<sup>th</sup> September 2017 made by Cernol Marketing Ltd (the Applicant) 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 Commission by the Applicant on 4<sup>th</sup> December 2018
- 2.0 Having taken cognizance of a report (the Report) of the Executive Director of the Commission 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’.

- 3.1 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 -
  - 3.1.1 admits its participation in an agreement involving RPM;
  - 3.1.2 provides the Commission with all the information, documents and evidence available to it regarding its RPM conduct;
  - 3.1.3 maintains continuous and complete co-operation until the conclusion of any action by the Commission in relation to the matter; and
  - 3.1.4 offers undertakings that satisfactorily address the competition concerns of the Commission.
- 3.2 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”.
- 3.3 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 05<sup>th</sup> June 2017 until 20<sup>th</sup> 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

- 4.0 The Applicant (a member of the Cernol Group of Companies and bearing Business Registration Number CO7043341, is a private limited company incorporated in Mauritius on 27 September 2002 and having its registered office at Black River Road, Petite Riviere.
- 4.1 The Manager of Applicant, has, by way of letter dated 08 September 2017, applied for immunity under the RPM Amnesty Programme. The Applicant has admitted having participated in and/or otherwise being party to an agreement involving RPM in connection with the minimum resale pricing restriction imposed on some supermarkets in relation to the supply of domestic detergent products. The Applicant states that its RPM conduct has been in place since around 2003.

Investigation and findings

- 5.0 Upon receipt of the Application and pursuant to section 51 of the Act, the Executive Director proceeded to investigate (INV042/RPM/064) whether the reported conduct may amount to an RPM within the ambit of section 43 of the Act.
- 6.0 The Executive Director submitted his Report on the matter to the Commission on 15<sup>th</sup> 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.
- 7.0 The findings of the Executive Director further to the assessments carried out are that-
  - 7.1 the Application satisfies the conditions set out under paragraph 5.6A of CCM3 Guidelines for RPM amnesty;
  - 7.2 the Applicant in its capacity as supplier of household cleaning and hygiene products, has engaged in a conduct that raises competition concerns under section 43 of the Act.
  - 7.3 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:-
    - 7.3.1 not to implement or cause to be implemented, in any manner whatsoever, any measure (including through the use of economic advantages, incentives or otherwise), having the object or effect of compelling, inducing or attempting to compel or induce dealers to apply the retail prices or retail price levels or retail price components it has communicated to them.;
    - 7.3.2 to inform all dealers, in writing and in clear and unequivocal terms, that prices or price levels it has communicated to them are "recommended" prices or price levels;
    - 7.3.3 to amend all existing agreements, contracts, or other express arrangements with dealers, existing and prospective, to expressly include a clause therein to the effect that dealers shall remain entirely free to fix or otherwise apply their own prices or price levels and that they are neither bound nor legally compelled to apply or comply with any recommended price or price level it has communicated to them;
    - 7.3.4 to, where a minimum resale price has been recommended to dealers and the resale price appears on the goods, either affix or cause to be affixed the words "recommended price" next to



the resale price, in compliance with the provisions of section 43(3) of the Act;

- 7.3.5 to take necessary steps to regularly provide training to its staff on the importance and manner they should, in clear and unequivocal terms inform its dealers / customers that the prices communicated to them are merely "recommended" prices or price levels and that they remain free to practise their own retail prices. In so doing, this measure aims to educate commercial employees of the Applicant who market the Applicant's products or otherwise engage with retail customers, thus, minimising risks of intentional or negligent implementation of RPM with customers.

#### Executive Director's recommendations

8.0 The Executive Director recommends that the Commission -

- 8.1 accepts the Undertakings and grant immunity from fines to the Applicant for its participation in the RPM conduct with specified resellers only; UDIS Ltd, Way Store and Lolo supermarket, as disclosed in its Application.
- 8.2 decides whether to extend immunity or withhold same in respect of four commercial agreements, entered by the Applicant respectively with Family Supermarket, M.Savers Bel Air, VK & KS Supermarket and Yanni Rice Specialist Co. Ltd, which were not disclosed by the Applicant in its application for RPM amnesty despite supporting documents and evidence that were available to it at the time of its Application, notwithstanding that such unreported conduct does not qualify for the RPM Amnesty programme.

#### Determination

- 9.0. 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 –
- 9.1 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 in relation to the supply of household cleaning and hygiene products to specified resellers, that falls within the ambit of section 43 of the Act;
- 9.2 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
- 9.3 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

10. The Commission therefore decides as follows:

- 10.1 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.
- 10.2 We accept the Undertakings offered by the Applicant.
- 10.3 The Undertakings shall be effective as from the date of this Decision.
- 10.4 We grant immunity from financial penalty to the Applicant pursuant to section 59(7) of the Act only for the Reported RPM conduct in respect of UDIS Ltd, Way Store and Lolo supermarket and for the period 25 November 2009 to 08 September 2017.


Mr. C. Seebaluck  
(Chairperson)

  
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Mrs. M. B. Rajabally  
(Commissioner)

  
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Mrs. V. Bikhoo  
(Commissioner)

  
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21 June 2019