

# No collusion in fresh produce, say RSA Group

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The RSA Group has moved to quash allegations by the Competition Commission that it, along with eight other fresh produce groups, has been fixing prices in order to squeeze out smaller rivals.



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CEO of RSA Jaco Oosthuizen said on Thursday he believed the allegations were based on "a number of misconceptions as to how the markets operate".

The commission alleges that RSA Group, Botha Roodt, Subtropico, Dapper, DW Fresh Produce, Farmers Trust, Noordvaal, Marco Fresh and Wenpro have been involved in prohibited coordinated activities aimed at undercutting the prices charged by smaller intermediaries by charging way below the market price for certain agreed periods of a trading day.

The agents serve as fresh produce market intermediaries between farmers and buyers of fruit and vegetables.

Commissioner Tembinkosi Bonakele said the companies in question allegedly kept their prices unsustainably low during certain periods of the day, quickly increasing them by a significant amount as soon as smaller agents ran out of stock. "Thus, certain volumes of stock of fresh produce are sold during late hours of trading with the aim to manipulate prices," said Bonakele.

The companies were also accused of making decisions collectively regarding the actual timing of the price increases, Bonakele said. "The commission understands that the suspects suppress competition and drive it out of the market. They, by agreement, increase prices paid for fresh produce," he said.

Oosthuizen said the fresh produce market was highly competitive, fluid and transparent. Market forces - coupled with the monitoring of agents' activities by legislation and a regulator - meant that it was difficult to engage in collusive behaviour, he said.

"Collusion for any purpose, whether to compete with major competitors or to drive out small players, is fundamentally at odds with how a price-discovery market functions," he said.

Oosthuizen added that the company would co-operate with and assist the Competition Commission through its investigation and that it had "confidence that a thorough ventilation of the relevant facts and circumstances will set the record straight".

*Source: Business Day*

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