

# Brick manufacturers face price fixing charges

Six South African brick manufacturers have been charged with price fixing and division of markets.

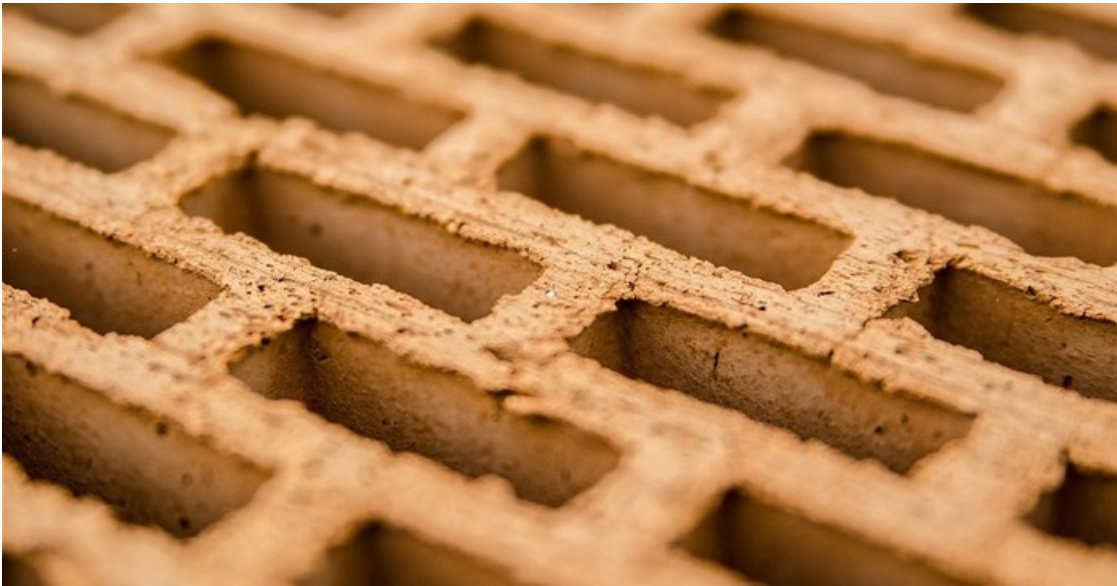


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The Competition Commission of South Africa said the charges follow an investigation it launched in April against Corobrik, Era Bricks, Eston Brick, De Hoop Brickfields, Clay Industry CC and Kopano Brickworks for contravening the Competition Act by engaging in price fixing and division of markets in the manufacturing and supply of bricks, pavers and blocks of clay and concrete.

“Corobrik entered into separate bilateral agreements with each of the above companies in terms of which they agreed to divide the market by allocating specific products and/or customers, in contravention of section 4(1)(b) (ii) of the Competition Act,” said a statement by commission spokesman Siphon Ngwema.

“In addition, Corobrik and Era Bricks agreed to fix prices at which they sold bricks, pavers and blocks in contravention of section 4(1)(b)(i).”

The commission found that Corobrik and Era Bricks concluded a Memorandum of Agreement in terms of which they agreed that:

- Era Bricks would not supply its products directly to customers in competition with Corobrik, but instead would sell

directly to Corobrik, who would then sell to customers in the open market;

- Era Bricks would not manufacture or sell any bricks other than the types it was manufacturing and selling to Corobrik. In addition, it would not manufacture or sell any competitive product capable of being utilised in the brick industry in substitution for bricks; and
- In the event that Era Bricks has excess products, Era Bricks agreed not to sell such excess products at prices that are lower than those charged by Corobrik.

“Corobrik further concluded separate bilateral Distributorship Agreements with... Eston Brick, Clay Industry, De Hoop and Kopano, wherein [they] agreed with Corobrik that they would not supply their respective products directly to customers in competition with Corobrik. Instead, they would each supply their respective products to Corobrik, which would then sell directly to customers,” the commission said.

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