

24 February 2011: Industrial painting sector

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The *Autorité de la concurrence* fines four companies that rigged bids for procurement contracts in the sector of painting services for naval equipments and engineering structures

> *Version française* 

After the French Minister of economy referred the file to it, the *Autorité de la concurrence* issues today a decision in which four undertakings are fined a total amount of €1,160,100 for price-fixing arrangement between 2005 and 2006 on procurement contracts of painting services for naval equipments and engineering structures.

The procurement contracts covered the renovation of quays, cranes and locks in the harbours of Brest, Nantes-Saint-Nazaire and Le Havre. Other painting and renovation works (e.g. a penstock of EDF's hydraulic power station in Hautes-Pyrénées and the Varades Bridge in Loire-Atlantique) were also subject to calls for tenders.

Companies exchanged information on their prices before the submission of tenders and submitted sham bids

Before submitting tenders, companies informed each other of their prices by fax, phone or electronic means. Sham bids were submitted to the contracting entities in order to leave an impression of genuine competition and to secure projects for one of the companies which appeared consequently as the best bidder.

Contractors were misled and overcharged

Purchasers calling for tenders were misled through these practices which contributed to the restriction of competition and drove up prices. When some invitations to tender proved unsuccessful, new tenders had to be organized, involving new costs.

Sanctions are proportionate to the degree of gravity of the infringement and the position of each undertaking in the market

In view of these practices, the Autorité has imposed fines on four companies (Grivetto, Lassarat, Prezioso and Sorespi). The fines calculated for Grivetto, Lassarat and Prezioso took account of the repeat offences on a short time period (14 months). The stronger involvement of Prezioso and Lassarat and their leading position in the market were also taken into account. Indeed, their practices potentially contributed to trivializing illegal behaviour through their influence over smaller companies that were also submitting tenders.

However, a reduction rate ranging between 12 and 16% was applied to the initial amount of fines on Grivetto, Lassarat and Prezioso, as a result of the settlement procedure and the commitment of these companies to prevent the reiteration of such behaviour in the future (training and awareness-raising actions on competition law enforcement, codes of conduct, updating of internal rules and standard employment contract, etc). When setting fines, the Autorité finally considered the current financial difficulties of one of the implicated companies (Lassarat).

<i>Name of company</i>	<i>Amount of fine (euros)</i>
Grivetto SAS	24,600
Philippe Lassarat SA	120,000
Prezioso Technilor SAS	1,008,000
Sorespi Bretagne SAS	7,500

> For further details, please consult the full text of Decision 11-D-07 of 24 February 2011, relative to practices implemented in the sector of painting services for metal infrastructures (in French)

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