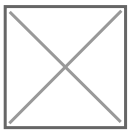
12 May 2016: Construction and Public Works in La Réunion

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The *Autorité de la concurrence* fines several companies for having reached anticompetitive practices in the sectors of welded mesh and metal frames used by construction and public works companies in La Réunion.



> *Version française*

In brief

The Autorité de la concurrence has fined an amount of 5 million euros to companies in La Réunion for market sharing and having prevented the development of their competitors in the sectors of welded mesh and metal frames. These practices have affected all public works activities in La Réunion and in particular the Tamarins road construction project.

The welded mesh and metal frames sector

Metal frames and welded mesh are steel components used in the construction of reinforced concrete structures. These construction products are used by construction and public works companies to strengthen buildings or construction works forming part of transport infrastructure such as bridges and viaducts.

In La Réunion, transport intermediaries bring the steel wire for the manufacture of these products onto the island. They are then processed in situ and sold on to the construction companies.

Three anticompetitive practices sanctionned

Between 2004 and 2009, demand for metal frames and welded mesh in La Réunion increased massively following the start of works on major infrastructure projects, such as the Tamarins road.

To meet this demand, a new processing and production company was set up, the company Arma Sud. However, companies Sermétal and Réunion Armatures, the largest welded mesh and metal frames processors on the island, along with Ravate group, the main trading and resale company, have agreed with Arma Sud, under which the latter would not compete with either Sermétal or Réunion Armatures and would only participate as their subcontractor. These practices lasted from June 2006 to April 2007 on the welded mesh market and from May 2006 to June 2008 on the metal frames market.

In addition, between 2005 and 2011, a large part of the sector's operators (transporters, processors, traders/resellers) implemented a series of practices aimed at limiting the development of alternative welded mesh resellers. The companies entered into anticompetitive practices aimed at ensuring that the sale price of welded mesh was less favourable for resellers who were not members of the cartel. In addition, measures to block imports have been implemented. The companies KDI Davum, Ravate Professionnel and Sermétal Réunion participated in this anticompetitive practice, as did the hauliers and transport intermediaries C. Steinweg, Mer Union N.V. and Organitrans.

Practices involving the whole of the Construction and Public Works sector in La Réunion

These agreements between competitors are serious. They have prevented any development of the market and frozen competition to the detriment of the construction and public works companies that purchase these construction materials. All work sites in La Réunion have been affected by these practices, in particular the Tamarins road project.

The fines imposed

Consequently, the Autorité has imposed fines totalling 5 million euros to the following companies*:

Arma Sud**	332 000 €
Ravate	2 147 000 €
Sermétal	1 430 000 €
C.Steinweg	58 000 €
KDI Davum	1 034 000 €
Mer Union NV	20 000 €
Total	**5 021 000 €**

* Réunion Armatures and Organitrans companies, placed in compulsory liquidation, have not been fined.

**Arma Sud benefited from a 10% reduction for not having contested the charges.

> For further details, consult the full text of decision 16-D-09 of 12 May 2016 regarding practices on sectors of welded mesh and metal frames on La Réunion island

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> See decision of the cour d'appel de Paris (15th March 2018)