# Price agreements and market sharing : the Conseil de la concurrence penalises producers and distributors of concrete and related products

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In a decision dated 28th June 2001, following a referral by the Delegate Minister of Finance and External Trade, the *Conseil de la concurrence* ruled that two producers of ready-to-use concrete, the companies Dijon Béton and Maggioni, and three traders – shareholders in Dijon Béton – the companies Doras Matériaux, Pagot et Savoie and Bloc Matériaux, had implemented anticompetitive market sharing and price agreements in the Côte d'Or department. The *Conseil* fined these companies a total of 17,700,000 FF (2,698,347 Euros).

**The *Conseil* observed that :**

- From 1988 and until 1994, the producer Dijon Béton and the 3 traders Doras Matériaux, Pagot et Savoie and Bloc Matériaux implemented a joint tariff structure concerning margins applicable to the sales price of ready-to-use concrete.
- The producer Maggioni also entered into an agreement with these same traders, with two results : firstly the traders practised a minimum margin of 10% on sales of its products; secondly (in 1993) they applied the tariff system devised between Maggioni and Dijon Béton to the former's products.
- In September 1993, the two producers Dijon Béton and Maggioni, with the consent of the traders, entered into a market sharing agreement. According to the terms of this agreement, Maggioni was guaranteed a share of 17% of the ready-to-use concrete market in the Dijon region. This market sharing agreement was accompanied by a system of monthly checks, to ensure that the commitments undertaken were respected, and to have wholesalers

allocate Maggioni customers to Dijon Béton whenever Maggioni exceeded its quota.

The *Conseil* emphasised that market sharing and price agreements seriously impair competition and referred to the 1998 OECD Recommendation, which indicates that such agreements are unjustifiable and "constitute the most flagrant breach of competition law".

It ordered its decision to be published in the newspaper Le Progrès, "so that potential users of ready-to-use concrete are informed of the practices with which they may be faced". It imposed fines of 1,900,000 FF (289,653 Euros) on Dijon Béton, 1,000,000 FF (155,449 Euros) on Maggioni, 5,700,000 FF ( 868,958 Euros) on Doras Matériaux, 7,400,000 FF (1,128,122 Euros) on Pagot et Savoie, and 1,700,000 FF ( 259,163 Euros) on Bloc Matériaux.