

23rd September 2002 : Agreement on price in the sector of ball bearings: the Conseil de la concurrence sentenced the main manufacturers for a total amount of approximately 19 million euros

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The Conseil de la Concurrence has sentenced the main manufacturers of ball bearings on the French market for having enforced a cartel agreement. The Conseil de la Concurrence pronounced, for this practice referred by the French Minister of Economy, penalties of 19 014 000 euro (decision of September 19, 2002).

Agreement on gross prices and on granted rates of rebate

The Conseil de la Concurrence established that in 1993 and 1997, the Swedish company SKF, the French company SNR, and the German companies FAG and INA had closed links and agreed both on the level of increases in gross prices and on the rates of price rebate applied to distributors. Besides, the Conseil de la Concurrence also raised that, in 1993, the Japanese companies, Koyo and NSK, had agreed, with some of the above companies, on the level of price increases to be applied to several industrial customers.

The Conseil de la Concurrence underlined that such exchanges of information on evolutions of gross prices and rates of rebate, before these are announced and become actual, can favour artificial price increases. Indeed, the concerned companies are urged to proceed to such increases all the more as they are sure that their competitors will also increase their prices at the same moment.

The instruction also showed that distributors could not benefit from the technical aid of manufacturers when they supplied customers situated outside

the agreed zone. The Conseil de la Concurrence considered that such a practice could hinder competition among distributors and, also, consolidate price agreements between manufacturers.

Serious practices that justify substantial financial penalties

These behaviours constitute the most obvious violation of competition's law and are particularly reprehensible as far as:

- .1 they were repeated and covered a number of years,
- .2 they concern ball bearings, indispensable material to the functioning of any mechanical machine and used in numerous branches of the economic activity. They have been implemented by ball bearings companies, sales of which on the French market accounted for nearly $\frac{3}{4}$ from the total of sales in 1998,
- .3 they resulted in an artificial increase in gross prices of the sector: the increase in gross prices, announced by the manufacturers participating in the agreement (that is 3 % by the end of 1993, 4.5 % in the middle of 1994, 4.5 % at the beginning of 1995 and 3.5 % at the beginning of 1998), led to an accumulated increase of 16.4 % over the whole period. Even if gross prices are traditionally the subject of important rebates, these agreements could have an effect on the practised net prices, especially since rebates made also the subject of agreement.

Penalties

- 7,900,000 euros to the company SKF-France
- 32,000 euros to the company FAG France
- 6,600,000 euros to the company SNR Roulements
- 4,000,000 euros to the company INA Roulements
- 162,000 euros to the company Koyo-France
- 320,000 euros to the company NSK France (previously NSK-RHP France)

> Decision 02-D-57 of September 19, 2002, relative to practices in the sector of ball bearings and assimilated sectors



> See decision of the Paris Court of Appeal (13rd May 2003)

> See decision of the Paris Court of Appeal (17th June 2003)