



# Competition Law Series: Part II

## THE 4 DON'TS ANTI-COMPETITIVE AGREEMENTS

Anti-Competitive Agreements (Cartel) refer to agreements that prevent, restrict or distort competition in the market and are prohibited under Section 11 of the Competition Order.

### 1 PRICE FIXING

Businesses agree to fix the prices of goods or services instead of competing to offer the best value for money.

**Business A:** Let's sell oranges at \$10/kg nett. No discount.

**Business B + C:**  
OK. Agreed!

### 2 SUPPLY LIMITATION

Businesses agree to limit the quantity of goods or services in the market.

**Business A:** Eventhough I can produce up to 1000 oranges but I will not supply more than 500 oranges so we can keep the price high.

**Business B:**  
Yeah me too! I will limit my supply to 300 oranges only.

**Business C:**  
OK. I will only supply 400 oranges.

### 3 MARKET SHARING

Businesses agree to divide up market by the type of goods or services, or by geographic area of consumer and agree not to enter each other "territory".

**Business A:** I will only sell oranges. You can each sell pears and apples.

**Business B:** OK, I agree to sell only pears.

**Business C:** I will only sell apples!

### 4 BID RIGGING

Manipulation of tender processes amongst bidders and/or potential bidders through predetermination of winner. Also known as collusive tender.

**Business A:** I will bid \$1000 for the supply of oranges.

**Business B+C:**  
OK. We will bid for \$1200 and \$1500 respectively so you win this round. Next time will be our turn to win.

### Did you know?

- Consumers will suffer as a result of Anti-Competitive Agreements as they end up paying more for lower quality of goods.
- With the agreements, businesses lose the incentives to be more innovative, productive and efficient. which will negatively impact a country's economic development in general.
- Financial penalty of up to 10% of business turnover for a maximum of 3 years period may be charged to businesses who entered into Anti-Competitive Agreements.