MRC 006

ICCC TO ENQUIRE INTO THE PRICING OF AUTOMOTIVE SPARE PARTS

With the appreciating value of the Kina the prices of imported products should be falling but that is not the case with automotive spare parts. The ICCC is trying to find out why this is.

It does not have the power to set prices for spare parts but would be concerned if prices have not moved because of anti-competitive practices on the part of players in the industry.

For instance, if there is collusion within the industry whereby some of its members agree on what price they charge for spare parts this may be caught by the laws that the ICCC administers.

Similarly if suppliers tell businesses that they supply what price they must sell their spare parts for this may also be a contravention of the law.

ICCC Commissioner, Dr Billy Manoka, said “If people or businesses become aware of persons or businesses in the industry jointly agreeing on prices of spare parts or jointly agreeing on discounts being offered on spare parts they should contact the ICCC and provide details. The ICCC is prepared to treat any such information on a confidential basis.”

Dr Manoka said the ICCC would also be pleased to receive information from the public or anyone in the industry of instances where businesses or persons are forced to sell spare parts at prices no less than the price specified by the supplier. In other words, where retailers are not allowed to discount the prices they sell at. This is anti competitive and may amount to a breach of the law. Again anyone who is aware of this practice should contact the ICCC and provide information.

The Courts may impose substantial penalties on parties that contravene the law.

Dr Manoka said the ICCC will be making its own enquiries within the industry and action will be taken if it finds instances of a breach of the laws it administers.

Contact details for the Commission are as follows:

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For further information about this media release contact Dr Bill Manoka on 3252144 or bmanoka@iccc.gov.pg
Background

The Independent Consumer and Competition Commission (ICCC) is responsible for administering the ICCC Act as well as a number of other pieces of legislation. The law is designed to enhance the welfare of the people of PNG by encouraging competition, fair trading and efficiency in business as well as preventing anti-competitive behaviour.

The Commission consists of three members – a full time Commissioner and two part time Commissioners. Its head office is in Port Morseby but it also has offices in Goroko, Lae and Kokopo.

It has broad ranging powers in relation to certain anti-competitive conduct. The ICCC Act prohibits:

- contracts, arrangement or understandings that substantially lessen competition in the market,
- arrangements known as primary boycotts that exclude or limit dealings with particular suppliers or classes of persons,
- price fixing – this stops businesses colluding on the prices, discounts, allowances, rebates on goods or services,
- resale price maintenance – broadly this prevents a supplier from telling the business or person which it supplies the minimum price they can resupply goods or services for,
- taking advantage of market power by restricting entry, by deterring competition or by eliminating a person from a market. and
- anti-competitive business acquisitions.

Parties proposing to engage in certain of these practices may apply to the ICCC for exemption (called authorization) if they can demonstrate by an objective and transparent process that there is offsetting public benefit to the PNG community from the conduct they wish to engage in.

If the ICCC considers a business has engaged in any of the abovementioned prohibited practices it must take action against the business or person in the then National Court. The Court may impose substantial penalties and other orders if it finds the ICCC Act has been contravened.