

## JCRA Media Release

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### JCRA Consults on Strategy for Exposing Cartels

The Jersey Competition Regulatory Authority (JCRA) has published today a proposed strategy for exposing any price-fixing and other cartels that may be operating in Jersey in contravention of the Competition (Jersey) Law, which takes full effect on 1 November.

Cartels are a particularly damaging form of anti-competitive behaviour, since their objective is to increase prices by reducing competition between businesses, to the detriment of consumers. They include conduct such as price-fixing, market-sharing and collusive tendering. Any business found to be engaging in cartel activity after 1 November is likely to face a high financial penalty (up to a maximum of 10% of turnover).

Bill Brown, Executive Director of the JCRA, said:

*'We have been emphasizing in our guidelines and briefings with Jersey businesses the importance of complying with the new Competition Law, and the particularly serious consequences of taking part in cartel activity. We have also been encouraging consumers and businesses who suspect the existence of cartels in any sector to bring these to our attention. We hope these efforts will encourage any business which is currently involved in a cartel to terminate its involvement prior to 1 November, if it has not already done so. That is the safest course of action. We are happy to discuss with any business in this position, on a strictly confidential basis, how best to approach this.*

*However, for any business which is nonetheless (for whatever reason) involved in a cartel after 1 November, our proposed strategy should provide a strong incentive to report the cartel to the JCRA so that the JCRA can take steps to bring it to an end'.*

The proposed strategy - which the JCRA calls its Leniency Policy- offers immunity from penalties, or a substantial reduction in penalties, to any business involved in a cartel which is prepared to disclose information about

the cartel on a confidential basis to the JCRA. The Policy provides for two types of leniency: total immunity from financial penalties for the first participant in a cartel to come forward with information about the cartel, and a significant reduction in penalty in other circumstances, such as if a participant is not the first to approach the JCRA.

Mr Brown said:

*'For a business involved in a cartel, leniency effectively presents a choice - stay in the cartel and risk high penalties and the other severe consequences of being found out, or withdraw from the cartel, inform the competition authority, and benefit from leniency. Many businesses in other countries have chosen the latter option, and leniency has therefore proved to be an effective means of detecting cartels. The JCRA believes that this will also be the case in Jersey, if any cartel is still operating after 1 November'.*

The JCRA is inviting comments on the proposed Leniency Policy from all interested parties. The deadline for written comments to the JCRA is **5 pm on 10 October 2005**. A copy of the Consultation Paper, attaching the Leniency Policy, may be found on the JCRA's website, [www.jcra.je](http://www.jcra.je).

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