FAS exposed a cartel on the market of container transportation involving foreign companies

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The Federal Antimonopoly Service (FAS Russia) found that five largest marine container carriers, that controls over 20% share of Russian market, took part in a cartel, said Deputy head of FAS, Alexander Kinev.

At a press-conference on 21 December he stated: "FAS found that A.P. Moller-Maersk A/S (Denmark), CMA CGM SA (France), Hyundai Merchant Marine Co. Ltd (South Korea), Orient Overseas Container Line Limited (Hong Kong) and Evergreen Marine Corp (Taiwan) violated the Federal Law "On Competition" by exercising concerted actions that led to fixing mark-ups to freight rates on the market of liner container shipping on the Far East / Southeast Asia - the Russian Federation (St Petersburg, Ust-Luga) routes in 2012-2013."

The antimonopoly body established that information about mark-ups was published on a web-site of a particular carrier while other market participants fixed the same mark-ups simultaneously and in a relatively uniform manner.

According to the Head of FAS Anti-Cartel Department, Andrey Tenischov, the costs of shipping a single container at that period reached US$ 1300. He added: "It should be pointed out that already in the course of investigating the case, companies cut it down by 20%. We expect further reductions".

Alexander Kinev also pointed out that FAS has not decided yet on the size of the fines upon the companies - the issue will be solved in 2016. FAS will not issue determinations, however, because the carriers terminated the violations during the investigation.

FAS representatives also pointed out that as far back as in 2013, simultaneously with Russian antimonopoly authority, the European Commission initiated a similar investigation against the companies upon similar grounds. The Commission, however, has not announced the results of its investigation yet. Alexander Kinev stated that before economic sanctions FAS and the European Commission cooperated and exchanged information on the case.
FAS completed a large-scale international investigation on the market of liner container shipments

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The Federal Antimonopoly Service (FAS Russia) found that A.P. Moller-Maersk A/S (Denmark), CMA CGM SA (France), Hyundai Merchant Marine Co. Ltd (Korea), Orient Overseas Container Line Limited (Hong Kong) and Evergreen Marine Corp. (Taiwan) violated Article 11.1 of the Federal Law “On Protection of Competition”. The above mentioned companies are competitors and they exercised prohibited concerted actions that led to fixing mark-ups (extra payments) to freight rates on the market of liner container shipping on the Far East / Southwest Asia - the Russian Federation (St Petersburg, Vladivostok) routes in 2012-2013.

FAS established that in 2012-2013 information about mark-ups to freight rates (General Rate Increase, GRI) was published on a web-site of one of the carriers, after which other market participants fixed the same mark-ups. Such concerted actions are prohibited for competitors, whose consolidated share of a relevant market exceeds 20% and the market share of each entity exceeds 8%.

“No Russian company is included in the “top 50” liner marine container operators. Therefore, domestic participants of international economic activities fully depend on the quality and the costs of services supplied by foreign companies. Also, sudden changes in prices increase the prime costs of goods for domestic consumers”, emphasized the Head of FAS Anti-Cartel Department, Andrey Tenischev.

The Federal Law “On Protection of Competition” applies to the relations associated with protecting competition, particularly, involving foreign legal entities and actions exercised by them if such actions affect the state of competition in the Russian Federation. In the case investigated by FAS, all organizations that violated the law are foreign legal entities registered in Denmark, France, Korea, Hong Kong and Taiwan.

“During the antimonopoly investigation, we interacted with our colleagues from the European Commission and the People’s Republic of China, who also are interested in investigating this market”, pointed out Deputy Head of FAS Alexander Rinke. “Since we have already finalized the case, some FAS materials shall be forwarded to the European and Chinese regulators to be further used in their work”.

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