

Competition Policy

1. Anti-competitive Agreements:

The Competition Act 1998 (the Act) prohibits anti-competitive agreements between businesses. In particular, a company must not:

- Agree to fix prices or terms of trade, for example agreeing price rises with your competitors;
- Agree to limit your production to reduce competition;
- Carve up markets or customers, for example agreeing with a competitor that you will bid for one contract and they will take another; or
- Discriminate between customers, for example charging different prices or imposing different terms where there is no difference in the circumstances of supply.

Any agreement that prevents, restricts or distorts competition is covered (not just the types of agreement listed above). An agreement could be formal (such as legally-binding contracts) or informal (such as unwritten 'gentlemen's agreements').

2. Abuse of a Dominant Market Position

This mainly applies to businesses that have a large market share, usually 40 per cent or more. Other factors taken into consideration in determining whether a company is dominant include the number and size of competitors and customers and whether new businesses can easily set up in competition.

The type of practices that could indicate abuse include charging unfair prices or imposing other unfair trading conditions on customers, limiting production, or refusing to supply an existing customer without an objective reason. The OFT can also assess whether an abuse may affect trade between EU Member States.

3. Responsibility in Complying with Competition Laws

Set out below is a set of basic list of "dos and don'ts" that will give employees an early warning of areas, which may infringe competition law.

Dos:

- Do avoid contact or meetings with competitors unless you have a legitimate reason for doing so and take care when meeting competitors outside of working hours.
- Do discuss any proposed agreements by or with competitors with your line manager before negotiations begin.
- Do, if a competitor starts discussing any of the items listed under "DON'TS" below, always state that you cannot discuss such matters, terminate the conversation, and make your line manager aware immediately.

Don'ts:

- Don't discuss or agree arrangements with competitors relating to prices, rates, discounts, timing of pricing changes, or other trading conditions or restrictions relating to markets and/or sources of supply.

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- Don't discuss or agree arrangements with competitors regarding blacklisting or boycotting of any customers, competitors, or suppliers.
- Don't discuss or agree arrangements with competitors regarding cooperation agreements with competitors, without agreeing with your line manager first.
- Don't discuss, or agree arrangements with competitors on bids for contracts or procedures for responding to bid invitations.

References to "arrangements" above are not limited to arrangements in writing. Arrangements can be written, or oral and include not only formal arrangements but also informal arrangements and activities and can be inferred from surrounding circumstances.