



Antitrust: Commission fines car parts producers € 137 789 000 in cartel settlement

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The European Commission has imposed fines of € 137 789 000 on Melco (Mitsubishi Electric) and Hitachi for participating in a cartel for alternators and starters with another firm, Denso, in breach of EU antitrust rules.

Denso was not fined as it revealed the existence of the cartel to the Commission. All companies acknowledged their involvement and agreed to settle the case.

For more than five years, the three Japanese car parts manufacturers coordinated prices and allocated customers or projects with regards to alternators and starters, two important components of car engines. Although contacts associated with forming and running the cartel took place outside the European Economic Area (EEA), the cartel affected European customers as alternators and starters were also sold directly to car manufacturers in the EEA.

Commissioner Margrethe Vestager in charge of competition policy said: *"Breaking cartels remains a top priority for the Commission, in particular when they affect important consumer goods, such as cars. Today's decision sanctions three car part producers whose collusion affected component costs for a number of car manufacturers selling cars in Europe, and ultimately European consumers buying them. If European consumers are affected by a cartel, the Commission will investigate it even if the cartel meetings took place outside Europe."*

The Commission's investigation revealed that between September 2004 and February 2010 the companies met at each other's offices and in restaurants and were in contact over the phone on a regular basis, in order to limit competition between them. In particular the three companies:

- coordinated their responses to certain calls for tenders issued by car manufacturers, in particular with respect to determining the price at which they would tender and who should win the specific business;
- shared out certain vehicle manufacturers and projects between themselves in terms of which of the three would supply alternators and starters;
- exchanged commercially sensitive information such as price elements and market strategies.

Fines

The fines were set on the basis of the [Commission's 2006 Guidelines on fines](#) (see [press](#) release and [MEMO](#)).

In setting the level of fines, the Commission took into account the companies' sales generated from the supply of alternators and starters to car manufacturers affected by the cartel in the EEA, the serious nature of the infringement, its geographic scope, its duration and the aggravating circumstance that Hitachi and Melco have both previously broken EU antitrust rules. The Commission also took into account Hitachi's lesser involvement in the infringement when setting the fines.

Under the Commission's [2006 Leniency Notice](#), Denso received full immunity for revealing the existence of the cartel, thereby avoiding a fine of more than €157 million.

For their cooperation with the investigation, Hitachi and Melco benefited from reductions of their fines under the 2006 Leniency Notice. The reductions reflect the timing of their cooperation and the extent to which the evidence they provided helped the Commission to prove the existence of the cartel.

Under the Commission's [2008 Settlement Notice](#), the Commission applied a reduction of 10% to the fines imposed in view of the parties' acknowledgment of their participation in the cartel and of their liability in this respect.

The total fines imposed are as follows:

	Reduction under the Leniency Notice	Reduction under the Settlement Notice	Fine (€)
Denso	100 %	10 %	0
Hitachi	30 %	10 %	26 860 000
Melco	28 %	10 %	110 929 000
<i>Total</i>			<i>137 789 000</i>

Background

Article 101 of the Treaty on the Functioning of the European Union (TFEU) and Article 53 of the EEA Agreement prohibit cartels and other restrictive business practices.

The Commission's investigation started with an immunity application submitted by Denso.

Today's decision is part of a series of major investigations into suspected cartels in the automotive parts sector. The Commission has already fined suppliers of automotive [bearings](#), [wire harnesses in cars](#), flexible foam used (inter alia) in [car seats](#) and [parking heaters](#) in cars and trucks. More investigations are ongoing, for instance for [occupant safety systems](#), [thermal systems](#) and [exhaust systems](#).

More information on this case will be available under the case number 40028 in the [public case register](#) on the Commission's [competition](#) website, once confidentiality issues have been resolved. More information on the Commission's action against cartels is available on its [cartels](#) website.

The settlement procedure

Today's decision is the 20th settlement since the introduction of this procedure for cartels in June 2008 (see [press release](#) and [MEMO](#)). In a settlement, companies acknowledge their participation in a cartel and their liability for it. Settlements are based on the [Antitrust Regulation 1/2003](#) and allow the Commission to apply a simplified and shortened procedure. This benefits consumers and taxpayers as it reduces costs; benefits antitrust enforcement as it frees up resources to tackle other suspected cartels; and benefits the parties themselves in terms of quicker decisions and a 10% reduction in fines.

The Commission previously reached settlements with cartels participants in the 19 following cases: [DRAMs](#), [animal feed phosphates](#), [washing powder](#), [glass for cathode ray tubes](#), [compressors for fridges](#), [water management products](#), [wire harnesses](#), [Euro and Yen interest rate derivatives](#), [polyurethane foam](#), [power exchanges](#), [bearings](#), [steel abrasives](#), [mushrooms](#), Swiss Franc interest rate derivatives and [bid-ask spreads](#), [envelopes](#), [parking heaters](#) and [blocktrains](#).

Action for damages

Any person or firm affected by anti-competitive behaviour as described in this case may bring the matter before the courts of the Member States and seek damages. The case law of the Court and Council Regulation 1/2003 both confirm that in cases before national courts, a Commission decision constitutes binding proof that the behaviour took place and was illegal. Even though the Commission has fined the companies concerned, damages may be awarded without being reduced on account of the Commission fine.

The [Antitrust Damages Directive](#), which Member States have to implement in their legal systems by 27 December 2016, makes it [easier for victims of anti-competitive practices to obtain damages](#). More information on antitrust damages actions, including a practical guide on how to quantify antitrust harm, is available [here](#).

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