

The Belgian Competition Authority fines Algist Bruggeman 5.489.000 euros for resale price maintenance and impeding low priced competitors regarding fresh bakers' yeast

The Investigation and Prosecution Service of the Belgian Competition Authority (BCA) fines Algist Bruggeman nv and her mother company Lesaffre et Compagnie SA in the context of a settlement procedure for an amount of 5.489.000 euros, mainly for (i) resale price maintenance with regard to the sale of compressed fresh bakers' yeast to (semi-)artisan bakeries, (ii) impeding low priced competitors, and (iii) entering into exclusive purchasing agreements for stabilised liquid fresh bakers' yeast with some bakeries for a duration considered to be too long.

Fresh bakers' yeast is a basic ingredient for bread. The sale and supply of fresh bakers' yeast to (semi-)artisan bakeries in Belgium is not done directly by the producer, but through distributors of bakery ingredients, who purchase these ingredients. These distributors are therefore free in their pricing towards their customers.

What practices were found to infringe the competition rules?**i. Resale price maintenance**

Algist Bruggeman determined the resale price of compressed and stabilised liquid fresh bakers' yeast that were sold by distributors to their end-customers (i.e. (semi-)artisan bakeries). In practice, distributors were not allowed to deviate from the resale price, save with the permission of Algist Bruggeman. This led to the elimination of price competition between the different distributors of Algist Bruggeman.

ii. Impeding low priced competitors

Algist Bruggeman also undertook actions to impede the sale of fresh bakers' yeast by low priced competitors. For example, Algist Bruggeman gave rebates to distributors in exchange for the non-inclusion of such yeast in their product range.

iii. Some bakeries were tied exclusively for an artificially long duration

Algist Bruggeman automatically linked the sale of stabilised liquid bakers' yeast to the acquisition by the client of a yeast dosing installation. The value of this installation was determined by Algist Bruggeman. The depreciation of this installation was then factored into the purchase price of the yeast in a way that resulted in an artificially long depreciation period that was further linked to non-compete obligations. During this period competition for these bakeries was eliminated.

How long did these practices last?

The practices lasted 5 years and 6 months, from January 2008 to June 2013.

The investigation in a nutshell

In January 2013 the Investigation and Prosecution Service decided to open an ex officio investigation after an informal complaint. In June 2013 dawn raids took place at the premises of Algist Bruggeman and one of its distributors.

Beginning 2016 the investigation was rounded off and the findings of the Investigation and Prosecution Service were submitted to Algist Bruggeman. On that basis settlement discussions were held with Algist Bruggeman. These discussions ultimately led to the current settlement decision.

The settlement procedure is a new tool that the Code of Economic Law has given to the Investigation and Prosecution Service in order to simplify and expedite the procedure leading to the adoption of an infringement decision.

The settlement decision cannot be appealed.

The decision is available on the website of the BCA: www.belgiancompetition.be/en

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The Belgian Competition Authority (BCA) is an independent administrative authority that contributes to the definition and implementation of competition policy in Belgium. Concretely, the BCA pursues anti-competitive practices, such as cartels and abuses of a dominant position, and reviews the main merger operations. The BCA cooperates with the other competition authorities of the member states of the European Union and the European Commission within the European Competition Network (ECN)