

Brussels fines paraffin wax cartel

By Nikki Tait in Brussels

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Nine of the world's largest energy companies have been hit by fines totalling almost €700m (\$983m) because of long-running, illegal price-fixing in the market for paraffin wax.

This is one of the largest penalties for cartel activity ever imposed by Brussels, and reflects both the length of the illegal arrangements, which continued for 13 years, and the size of the market, said to be worth about €500m a year.

The companies - including South Africa's Sasol, ExxonMobil of the US, Spain's Repsol, Italy's ENI, Germany's RWE and France's Total - themselves variously nicknamed the cartel "the paraffin mafia" or the "Blauer Salon" (blue saloon) after a hotel bar in Hamburg where their representatives first congregated to agree the illegal arrangements.

After Hamburg, these meetings moved on to top hotels in Milan, Vienna, Budapest, Paris, Munich and Strasbourg.

Paraffin wax is best known as an ingredient in candles, but is also found in a large range of household items from tyre and car components, to waxed paper, cheese coatings, paper cups and plates, and even the chewing gum industry.

The cartel covered almost 75 per cent of the European market.

"There is probably not a household or a company in Europe that has not bought products affected by this cartel, with all that implies in terms of paying over the odds, higher costs and economic damage," said Neelie Kroes, EU competition commissioner yesterday.

The aggregate €676m penalty would have been even higher but for the fact that Shell eventually blew the whistle on the price-fixing deal. This earned it full immunity from any fine, which would otherwise have cost it close to €100m.

Three other companies also earned some fine reductions because of their co-operation. Petrochemical group Sasol saw its fine increased by 50 per cent because it was the cartel leader, but then reduced by 50 per cent to reflect co-operation.

As a result, it ended up with a €318.2m penalty, the fourth highest cartel fine ever faced by a single company in Europe.

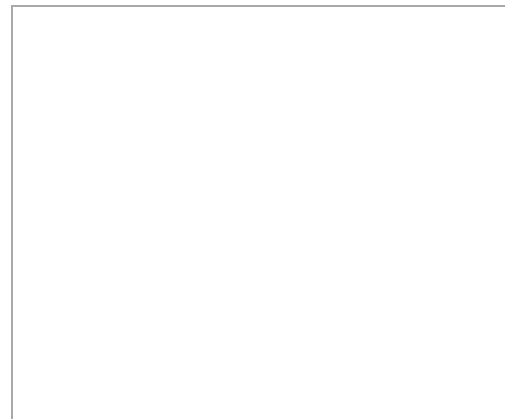
ExxonMobil gained a seven per cent reduction, but was still fined €83.6m, while Repsol ended up with a €19.8m penalty after a 25 per cent reduction.

Others involved were ENI, which got a €29.1m fine; Germany's Tudapetrol, with a €12m penalty; Germany's Hanson & Rosenthal, fined €24m; Hungary's MOL, with a €23.7m penalty; Germany's RWE, with a €37.4m fine, and France's Total, fined €128.2m.

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