



*European Communities
Commission
Press Release*

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THE COMMISSION FORBIDS AN UNDERSTANDING BETWEEN
EUROPEAN GLASS CONTAINER MANUFACTURERS

The Commission has just adopted a decision condemning a series of breaches of Article 85 of the EEC Treaty, committed by manufacturers of hollow glass containers (bottles, pots for preserved foods, flasks).

This decision concerns the most important manufacturers of glass containers of five member states, and in particular the following enterprises:

In Germany: Gerresheimer Glas and Veba Glas which hold respectively about 40% and 24% of the German market for glass containers and H.Heye Glasfabrik, which covers 10 to 12% of the German market for glass bottles.

In Belgium: Bouteilleries Belges Réunies, the sole Belgian manufacturer of bottles and Verlica-Mominies the only Belgian manufacturer of jars and flasks. These two enterprises have financial and personal links with the French group St. Gobain.

In the Netherlands: Verneenigde Glasfabrieken Schiedam. This company, which is controlled by the French group BSN, is the largest Dutch manufacturer of hollow glass.

In France: Boussois-Souchon-Neuvesel and St. Gobain Emballage, which respectively hold about 50% and 40% of the French market for glass bottles and pots for preserves.

In Italy: Bordoni-Miva (subsidiary of the St. Gobain group) AVIR (in which St. Gobain has a 25% participation) and Vetri, which together represent about 40% of Italian production of glass bottles.

The manufacturers cancelled the agreements described hereafter as from the end of 1971. Following the Commission's intervention, the German manufacturers also annulled their participation as from the end of 1973. The Commission decision, takes note of the breaches committed and calls upon all the participant enterprises to put an end to them immediately.

The actions objected to go back to 1955, when the German and Benelux manufacturers of hollow glass - who were joined in 1960 by the French and in 1961 by the Italian participants - concluded what was called an agreement on "rules of honest competition" of which the Commission was notified at the end of 1962. Following checks carried out in 1971/72, it became apparent that, under the cover of forbidding dishonest practice between participants, certain clauses were in fact aimed at impeding normal competitive measures in the field of prices, discounts and trading conditions.

In this way, the fact of offering at prices lower than those of a competitor and the fact that only the adaptation of prices to those of this competitor were admitted on his regional market were said to be unfair. The main object of these provisions was thus to ensure that a glass container manufacturer who is a party to the understanding, when supplying outside his "natural" area of action, should not offer prices lower than those of the partner considered as the national or local price-leader in the territory of destination. This objective was guaranteed by many other clauses concerning the publication and communication to competitors of individual gross price lists and discounts and the obligation not to depart secretly from these lists.

The Commission's investigations also showed that the application of the agreement was examined during the annual general meeting of participants and within a restricted committee composed of representatives from the dozen very big member enterprises who met three times a year.

At these meetings various arrangements were taken to apply or supplement the initial agreement relative to the "rules of fair competition".

Thus they organised in the course of the years and by various procedures an exchange of information between participants on the prices, discounts and trading conditions which they applied in their respective countries, the changes to be made to these as from a specified date and the particular exemptions they would accord to certain clients.

The enterprises in question had also established a common outline for the calculation of costs applied uniformly by bottle manufacturers, parties to the understanding, and partially by flask-makers which enabled users to arrive at parallel cost price curbs and fix their selling prices accordingly. Although it did not contain determined calculation rates, this outline, being part of a restrictive contractual whole, also constituted an infringement of Article 85 (1) of the EEC Treaty.

Finally, the enterprises in question had agreed to apply collectively the system of delivered prices so as to restrict the distribution area of each partner and preclude users of glass containers from comparing the prices of the nearby plant with those of the distant one. The Commission abstained from imposing a fine because this was the first time that the kind of restrictions noted were the subject of a Commission decision, and because their character as breaches of the Treaty was not evident for the enterprises in question.

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