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For Immediate Release

Competition Commission takes inserter cartel case to Competition Tribunal
First case to be fully resolved under the Commission's Cooperation and Settlement Policy

The Competition Commission (“Commission”) has today commenced proceedings in the Competition Tribunal (“Tribunal”) against three undertakings, namely Quadient Technologies Hong Kong Limited (formerly Neopost Hong Kong Limited) and Quadient International Supply Limited (formerly Neopost International Supply Limited) (collectively “Neopost”), Toppan Forms (Hong Kong) Limited (“Toppan HK”), and Smartech Business Systems (Hong Kong) Limited (“Smartech”), for their participation in cartel conduct regarding the sale of inserters¹ in Hong Kong. Neopost, Toppan HK and Smartech are collectively referred to as “Subject Undertakings”.

It is the Commission’s case that, between April 2018 and January 2019, Neopost, Toppan HK and Smartech made or gave effect to an agreement not to compete in the sale of inserters of the Neopost brand in Hong Kong, while Toppan HK and Smartech engaged in a concerted practice by exchanging competitively sensitive information with each other. The Commission has reasonable cause to believe that such conduct amounts to serious anti-competitive conduct in the form of price-fixing, market-sharing, and bid-rigging, in contravention of the First Conduct Rule of the Competition Ordinance.

After the Commission commenced its investigation, the Subject Undertakings began cooperating with the Commission pursuant to the Commission’s *Cooperation and Settlement Policy for Undertakings Engaged in Cartel Conduct* (“Cooperation Policy”). By the Subject Undertakings ceasing the relevant anti-competitive conduct forthwith and meeting the various requirements under the Cooperation Policy which included facilitating the Commission’s investigation, and enhancing their respective corporate competition compliance programmes, the Commission agreed to enter into cooperation agreements with the Subject Undertakings which in this case will result in the submission of joint applications to the Tribunal seeking orders to allow the proceedings to be disposed of by consent, including:

- declarations that the Subject Undertakings have contravened the First Conduct Rule;
- orders for the following pecuniary penalties to be imposed on the Subject Undertakings:
 - Neopost: \$1,399,000, after applying a cooperation discount²;
 - Smartech: \$808,000, after applying a cooperation discount²;
 - Toppan HK: \$3,372,000, after applying a cooperation discount²; and
- orders for the recovery of the Commission’s costs of investigation and proceedings.

¹ An inserter is a machine that inserts letters and other correspondence into envelopes for mass mailing.

² In determining the discount rate, the Commission will generally consider the order in which the relevant undertakings come forward as well as the timing, nature, value and extent of the cooperation provided. Under the Cooperation Policy, the discount can be up to 50% off the pecuniary penalty the Commission would otherwise recommend to the Tribunal.



Mr. Rasul Butt, Chief Executive Officer of the Commission, said, “This is the first case in which all the subject companies cooperated with the Commission during the investigation stage and the case was fully settled under the Commission’s Cooperation Policy. This case highlights the success of the cooperation framework, which enables the Commission to resolve enforcement cases effectively and efficiently while cooperating cartel members are given the opportunity to own up to their wrongdoings, obtain an agreement by the Commission not to pursue current and former officers and employees of the relevant companies, secure a recommendation by the Commission to the Tribunal for reduced pecuniary penalties, strengthen competition compliance and avoid protracted litigation.”

The Commission calls on businesses in all sectors to steer clear of anti-competitive practices, while those already involved in cartel conduct should approach the Commission for leniency or cooperation.
