

Portugal punishes dairy over RPM

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Portugal's Competition Authority has fined dairy company Lactogal €340,000 for resale price maintenance.



Manuel Sebastião, head of the Portuguese authority

The authority says Lactogal, Portugal's largest dairy, fixed minimum prices in distribution contracts for its products across several hotels, cafes and restaurants. It adds that the company also made anti-competitive agreements regarding the marketing of its products.

The authority opened its investigation of Lactogal in September 2010, and says it found evidence of resale price maintenance from 2003 onwards. In a statement, it says vertical price-fixing agreements are "a very serious restriction of competition".

"The restriction of the freedom of dealers to set their selling prices and thus compete with each other is so severe that it is usually excluded from the block exemption regulations or is identified as a serious restriction in the various guidelines of the European Commission," says the authority.

According to local press reports, Lactogal says it will appeal against the decision at Lisbon's Commercial Court. Counsel to Lactogal declined to comment.

The ruling marks the second time the enforcer has fined a business for resale price maintenance, and its first fining decision this year.

Joaquim Vieira Peres, at Morais Leitão Galvão Teles Soares da Silva in Porto, says the authority is "sending out a clear message that it will continue to be alert to this type of vertical infringement".

Nuno Ruiz, at Vieira de Almeida in Lisbon, says it is "too soon to jump to conclusions" over whether the decision is a sign of the authority's intention to improve its enforcement programme, which was significantly strengthened by the passing of a new competition law earlier this month.