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### Final Authorisation

## Wholesale Price of Bagged and Bulk Cement

### Tengy Cement (Fiji) Company Limited

Date Issue: 14 January 2015

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*"To promote Competition in the Fijian Markets"*

## 1.0 Introduction

- 1.1 Tengy Cement (Fiji) Company Limited ("TCFL"), a Chinese investment company was granted a licence to operate the factory and a 99-year industrial lease for the factory in December 2010.
- 1.2 TCFL is the second cement factory in Fiji. The factory is expected to serve Fiji and the Pacific and reduce costs for home construction through competitive pricing of cement. TCFL commenced its operations in Fiji from January 2014 with the set -up of the plant and production of cement.
- 1.3 TCFL made a submission in January 2014 for the Fiji Commerce Commission ("Commission") to grant an interim price for cement for the purpose of the wholesale and distribution of its products in the domestic market.
- 1.4 Given that TCFL had commenced its operations in Fiji recently, it was impractical for the company to furnish to the Commission evidence of all its costs of manufacturing cement as costs such as electricity, labour wages and salaries, other utilities bill, raw materials consumed etc.
- 1.5 Given the above, the Commission for the purpose of authorisation had considered the request for an interim price by TCFL on 20 January 2014 for a period of six (6) months.
- 1.6 On 26 May 2014, TCFL made a new submission requesting for the Commission for the extension of the current wholesale cement prices for the next six (6) months.
- 1.7 The Commission released the interim authorisation for the wholesale price of bagged and bulk cement for TCFL on 10 June 2014 for the period up to 20 January 2015.
- 1.8 On 30 December 2014, the Commission pursuant to Section 119 of the Commerce Commission Decree 2010 formally called for submission from TCFL to undertake a detailed analysis of its business model and cost structure to enable the Commission to make a new authorisation on the local cement prices by close of business, 08 January 2015.
- 1.9 On 06 January 2015, TCFL requested for extension of the submission deadline and the Commission approved the deadline to 15 January 2015.
- 1.10 On 14 January 2015, TCFL requested for the extension of the current wholesale cement prices in order for TCFL to make a complete submission to the Commission for price review until such time new prices are authorised by the Commission.
- 1.11 Based on the submission made by TCFL, the Commission has made this authorisation.

## 2.0 Legal Framework

- 2.1 The Commission is empowered under the *Commerce (Control of Prices for Cement Products) Order 2012* to control and/or regulate the prices of cement in Fiji.
- 2.2 Paragraph 2 of the said Order specifically authorises the control and/or regulation of prices for the supply of cement products in all quantities, grades and classes in Fiji.
- 2.3 The Order authorises the Commission to regulate and control prices which expires on 21 June 2015.
- 2.4 Section 41 of CCD2010 on states that Controlled goods or services not to be supplied except in accordance with authorized price by the Commission. Cement being a controlled goods falls within the ambit of Section 41 of CCD2010.

## 3.0 Commission's Authorisation

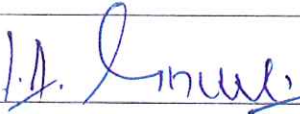
- 3.1 The Commission after the assessment of TCFL's submission, pursuant to Section 41 of CCD2010 and *Commerce (Control of Prices for Cement Products) Order 2012* authorises the following wholesale bagged and bulk cement price for Tengy Cement (Fiji) Company Limited.

The authorised final price is effective from 21 January, 2015.

Cement Type or Grade	Commission's Authorized Price (\$/t) (VEP)
GB Bag Cement	\$222.00
GP Bulk Cement	\$202.00

- 3.2 The above prices are to be charged by TCFL and will remain the same and no new charges should be introduced unless authorized by the Commission.

Commissioners:


Mr. Firoz Ghazali
Acting Chair
14 January 2015

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