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Interim Authorisation

Wholesale Price of Bagged and Bulk Cement

Tengy Cement (Fiji) Company Ltd

Date Issue: 20 January, 2014

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Promoting 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.

1.3 The factory is expected to serve Fiji and the Pacific and reduce costs for home construction through competitive pricing of cement.

1.4 TCFL commenced its operations in Fiji from January, 2014 with the set -up of the plant and production of cement.

1.5 TCFL made a submission for the Commission to grant an interim price for cement for the purpose of the wholesale and distribution of its products in the domestic market.

1.6 Given that TCFL has commenced its operations in Fiji just recently, it is 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.

1.7 Given the above, the Commission for the purpose of this authorisation has considered the request for an interim price by TCFL.

1.8 Based on the submission made by TCFL for an interim price, 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

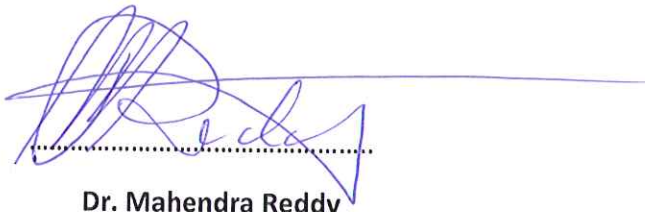
3.1 The Commission after the assessment of TCFL's submission for the authorisation on an interim price, pursuant to Section 41 of CCD2010 and **Commerce (Control of Prices for Cement Products) Order 2012** authorises the following wholesale bagged and bulk cement price, **representing a 5% decrease compared to the current market price for cement in Fiji.**

The authorised final price is effective from 20 January, 2014

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

3.2 The above interim prices are for a period of six (6) months. These prices will be reviewed after 6 months based on actual cost data submitted by TCFL.

3.3 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.



Dr. Mahendra Reddy

Chairman

20th January, 2014

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