



FTCNewsLine is an online quarterly newsletter of the **FAIR TRADING COMMISSION** that contains information on competition matters dealt with by other competition agencies from around the world. The aim is to provide insights into some of the matters that are prosecuted in other jurisdictions; and to assist persons in better identifying issues that may pose competition concerns.

Competition legislations are specific to each jurisdiction and activities that are prohibited in one jurisdiction are not necessarily prohibited in other jurisdictions. For information on the prohibitions under the Jamaica's competition legislation, the **FAIR COMPETITION ACT**, please visit our website at www.jftc.gov.jm.

AUSTRALIA

Federal Court makes call on phone card advertising: False, misleading and deceptive

The Federal Court in Australia ruled that Tel. Pacific had misled and deceived consumers over its international pre-paid phone cards. Initial investigations were carried out by the ACCC which alleged that Tel Pacific misrepresented the nature, benefits and value of certain of its international pre-paid phone cards. ACCC further alleged that Tel. Pacific misled consumers as to the amount of call time available and failed to disclose additional fees and charges.

In addition to the ruling made by the court, Tel. Pacific was ordered to restrain from engaging in similar conduct in the future, establish a trade practices law compliance program and to pay a portion of the ACCC's legal cost. The court also required Tel. Pacific to provide information to retailers of its phone card, its customers and competitors about the outcome of the case.

Source: Australian Competition and Consumer Commission News Release, 31/03/09

ACCC institutes proceedings against Cathay Pacific Airways Ltd for alleged price-fixing of air freight

Legal proceedings were instituted by the ACCC against Cathay Pacific Airways Ltd on the basis that it engaged in price-fixing. The ACCC alleged that between 2000 and 2006, Cathay Pacific Airways entered into over 70 arrangements with other international air cargo carriers to fix the surcharge and rates that were applied to the transport of air cargo. The ACCC further alleged that the arrangements were reached in over seven countries.

The Federal Court has not yet ruled on the matter. The ACCC is seeking declarations, injunctive relief, pecuniary penalties and costs.

Source: Australian Competition and Consumer Commission News Release, 30/04/09

ACCC institutes against IT business Zanok Technologies, directors alleging misleading job advertisements

Following investigations by the ACCC into the conduct of Zanok Technologies, ACCC alleged that the company and its directors were participating in misleading advertising. ACCC alleged that Zanok advertised that it was offering jobs in the IT industry when in actuality it was offering “IT training” that applicants were required to pay for. The ACCC further alleged that there was no guarantee of a job at the end of the training. The directors of the company were singled out as the ACCC asserted that they were knowingly involved in the conduct.

The ACCC is seeking orders including declarations, injunctions, finding of facts and costs.

Source: Australian Competition and Consumer Commission News Release, 12/05/09

Federal Court declares Cardcall engaged in misleading and deceptive conduct

Following investigations by the ACCC into the practice of Cardcall, the Federal Court has declared that the company engaged in misleading conduct. The ACCC alleged that Cardcall engaged in deceptive advertising with four of its pre-paid phone cards when it, failed to disclose additional fees and misrepresented available minutes and rates per minute.

The Federal Court ordered Cardcall to place corrective notice on its website and in the newspapers as well as contribute to a portion of ACCC’s cost. In addition, Cardcall agreed to produce a consumer guide to fees and charges on its pre paid phone products and to change its advertising to prominently and clearly display any additional fees and charges.

The ACCC has determined to continue taking action against telecommunication companies who hide additional fees and charges in small print.

Source: Australian Competition and Consumer Commission News Release, 22/05/09

CANADA

Competition Bureau cracks down on joint abuse of dominance by waste companies

The Competition Bureau launched an inquiry into the operation of the two dominant commercial waste collection operators in central Vancouver Island. This was subsequent to complaints that the companies were engaging in abusing a jointly dominant position. Investigations by the Competition Bureau revealed that Waste Services Inc and Waste Management of Canada Corporation were restricting competition using a number of tactics. These included using long-term contracts that locked in customers and employing highly similar and highly restrictive terms. This resulted in the substantial lessening of competitive markets for commercial waste collection services, higher prices and reduced choice for businesses.

The matter was brought to Canada’s Competition Tribunal and an agreement was arrived at. The two companies involved agreed to rewrite their contracts to resolve the Bureau’s concerns.

Source: Competition Bureau Press Release 17/06/09

UNITED STATES

Kellogg settles charges that ads for frosted mini-wheats were false

The Federal Trade Commission (FTC) has secured a settlement with Kellogg Company regarding charges that Kellogg advertised claims touting a breakfast of Frosted Mini-Wheats as “clinically shown to improve kids’ attentiveness by nearly 20%” were false and violate federal law.

According to the FTC’s complaint, Kellogg claimed in a national advertising campaign – including product packaging – that a breakfast of Frosted Mini-Wheats is clinically shown to improve children’s attentiveness by nearly 20%. The study however showed that the children who ate the cereal for breakfast average just under 11 percent better in attentiveness and that relatively few were nearly 20 percent more attentive.

The proposed settlement would bar Kellogg from making comparable claims about Frosted Mini-Wheats unless the claims are true and not misleading. It requires also that claims about the benefits to cognitive health be substantiated and true.

Source: Federal Trade Commission Press Release 20/04/09

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

World trade set to fall 13 percent, OECD urges governments to avoid protectionism

The OECD has calculated that world trade volumes will decrease by as much as 13 percent in 2009 from 2008 levels. With this in mind, the OECD is urging governments to keep markets open in order to benefit from the recovery when it comes. Furthermore, protectionist measures by governments could have negative effects such as; consumers being faced with higher prices and reduced choice, domestic industries being faced with higher input costs and exporters being penalized through higher costs.

Source: OECD Press Release 19/05/09