

China punishes Audi, Chrysler for 'monopoly' acts

SHANGHAI, CHINA: China stepped up pressure on foreign car manufacturers in the world's biggest car market, pledging to punish German luxury brand Audi and Chrysler of the United States for what it alleged was "monopoly behaviour".



Li Pumin of the NDRC is planning to "punish" Audi and Chrysler for "monopoly actions" in China, particularly with regard to parts supplies. Image: [China](#)

The National Development and Reform Commission (NDRC), which polices violations of China's "anti-monopoly" law, has been investigating the sector, dominated by foreign companies and their joint ventures, for more than two years but had not mentioned any particular firms.

China's latest sweeping probe into alleged wrong-doings by foreign firms include multiple sectors, among them pharmaceuticals, technology and baby milk.

Audi is the luxury car unit of Volkswagen, Europe's biggest auto group, while Chrysler has merged with Italy's Fiat.

"It has been found out that the two companies showed monopoly behaviour and they will be punished accordingly," NDRC spokesman Li Pumin told a news conference in Beijing.

Audi's German headquarters said the company was cooperating with the NDRC inquiry but would not comment further. A spokesman for Fiat-Chrysler in China declined to comment.

Raids on company offices

The NDRC's announcement came two days after anti-monopoly investigators from the agency raided a Shanghai office of Mercedes-Benz, grilled employees and inspected their computers.

Li confirmed the investigation into Mercedes-Benz, according to a transcript of the news conference posted online. Daimler said that it was assisting with the inquiry.

China is important for foreign car manufacturers especially as the European market has faltered, recording total sales of 21.2m vehicles last year.

Regulators in China believe prices for both parts and vehicles are unfairly high but manufacturers say authorities impose heavy duties on imported cars and parts, which increase costs for domestic consumers.

Dominant position



One of the most popular Jeep models in China. Image: [Jeep Forum](#)

China considers that those companies that use a dominant market position to set prices to be a form of monopoly. Violators' allegedly "illegal gains" can be confiscated and they can be fined up to 10% of their sales revenue from the previous year.

"Another 12 Japanese companies were under investigation for monopoly pricing of components," Li said, but declined to name them, adding details would be released later.

Car companies have rushed to cut prices in recent weeks in an apparent bid to



One of the new Audi's being built in China. Image: [Audi](#)

appease Chinese officials.

Daimler announced it would drop prices of more than 10,000 parts for its Mercedes-Benz cars in China from September, according to a statement that linked the move to investigations of the entire car industry in China.

Audi lowered its parts prices last week while Chrysler said it would drop prices for both parts and some of its Jeep models.

"Dealers and consumers have already complained for years," said Yale Zhang, Managing Director of research firm Automotive Foresight, adding that auto firms' strong actions, which have existed for years, actually are a monopoly.

He said authorities were examining industry-wide practices such as setting minimum retail prices for dealers and limiting who can sell parts, inflating prices.

Source: AFP via I-Net Bridge

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