

Siemens will co-operate with Brazil's price-fixing probe

SAO PAULO, BRAZIL: German conglomerate Siemens pledged full co-operation with Sao Paulo authorities after being hit with a civil suit linked to alleged price-fixing during bidding for the city's metro rail systems.

SIEMENS

"We will co-operate fully with the authorities, but we cannot comment further because it is an ongoing process," Paulo Stark, chief executive of Siemens' Brazilian branch, said in a statement received on Wednesday (14 August).

The daily Estado de Sao Paulo alleged that Siemens paid US\$10.3m to two Brazilian officials as part of a vast corruption scheme in public contracts with the CPTM.

State Governor Geraldo Alckmin announced the legal action against Siemens on Tuesday (13 August), saying it will have to pay compensation for any losses resulting from the suspected price-fixing cartel.

"Other companies found to have taken part in the cartel will also face legal action, " he added.

Criminal probe

Last week, Sao Paulo state prosecutors said they had launched a criminal probe after finding "strong indications" of price-rigging during bidding for delivery of trains and construction of metro and rail lines in Sao Paulo from 1999 to 2009.

They acted based on documents from Brazil's anti-trust authority CADE.

Sao Paulo officials said Siemens was targeted because it confessed to its role in the price-rigging cartel, with the CADE probe mentioning 14 suspect contracts signed by the German firm nationwide.

Prosecutors did not name the other firms being looked at but press reports identified them as Spain's CAF, Japan's Mitsui, Bombardier of Canada and France's Alstom.

Stark said that in 2007, Siemens set up "a compliance system to detect, remedy and prevent illicit practices which may have been carried out, encouraged or tolerated by employees or executives of Siemens in any part of the world."

Alckmin said Tuesday (13 August) that Sao Paulo was not an isolated case.

"I want to recommend to my fellow governors and to the federal government, a rigorous investigation with regard to transport and energy because there was a cartel not only in Sao Paulo," he said.

The alleged price-fixing occurred under the rule of the Brazilian Social Democratic Party (PSDB) in Sao Paulo state.

Alckmin's PSDB, who is in opposition to President Dilma Rousseff's ruling Workers Party nationally, has denied any wrongdoing.

Souce: AFP via I-Net Bridge

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