

Twelve ways to detect bid- rigging cartels

Have you noticed anything odd about the tenders you received in a tender procedure for goods or services? Take your suspicions seriously. When companies circumvent applicable competition rules in tendering procedures, they often leave signs; signs which may be easy to spot with a little knowledge.

This checklist sets out twelve signs which suggest that companies may have formed a bid-rigging cartel. Do not hesitate to get in touch with the Swedish Competition Authority if you recognise one or more of these signs in your tendering procedure. We can help you do better business!



KONKURRENSVERKET

Swedish Competition Authority

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Suspiciously high prices?

If all or most of the tenders are significantly higher than in previously tender procedures, higher than the companies' list prices or higher than a reasonable estimate of the costs, some companies may have submitted courtesy tenders. This practice, also known as 'cover bidding', means that companies submit tenders for the sake of appearance only, in the knowledge that another company will submit a more competitive tender.

2

Prices that are suspiciously inconsistent?

A company submitting tenders that are significantly higher in some tendering procedures than in others, without any obvious reason such as differences in costs, may suggest it is involved in a bid-rigging cartel. Companies may in this case have agreed on who is to win the contract, for example, for a particular product or customer, or within a certain area.

3

Suspiciously big differences in prices?

If the difference between the winning tender and the other tenders is inexplicably large, it may suggest that some companies in the sector have formed a bid-rigging cartel to keep price levels up. The winning tender may have been submitted by a company that is not a member of this cartel and therefore is significantly lower than those from the companies in the cartel.

4

Suspiciously similar prices?

If several companies have submitted tenders with identical or suspiciously similar prices, it may indicate that they have agreed to share the contract.

5

Suspected boycott?

If no tenders are received, there may be a coordinated boycott with the purpose of influencing the conditions of the contract. This suggests that the companies have agreed to abstain from submitting tenders. The aim of a coordinated boycott may, for example, be to divide a certain market between the members of a cartel.

6

Suspiciously few tenders?

If unexpectedly few companies submitted tenders, it may indicate the existence of a market-sharing cartel. The purpose of such a cartel is to avoid competition within, for example, certain geographic areas. In such case, companies abstain from submitting tenders within one area so that a certain other cartel member can win the contract.

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Suspiciously similar tenders?

If tenders refer to industry agreements that affect the price, the companies may have agreed to apply, for example, common price lists, delayed payment fees or other sales conditions for the sector. Such agreements are generally illegal.

8

Suspicious patterns?

If the same company wins the contract every time it is renewed, there may be a market sharing agreement between the companies in the market. Be aware of patterns, such as companies always submitting the lowest tender in a certain geographic area or with a certain contracting authority. Another way in which companies illegally divide the market between themselves is when they take turns to submit the lowest tender.

9

Suspicious subcontracting arrangements?

If the company that won the contract assigns or subcontracts part of the contract to a competitor that submitted a higher tender in the same procedure, this may suggest a bid-rigging cartel. In this case, the companies may have agreed that the winner will compensate its competitors by engaging them as subcontractors.

10

Suspiciously careless tenders?

If the winning tender is the only one that has been compiled in a thorough and detailed way, while the others have been drawn up more carelessly, it may suggest a bid-rigging cartel. In this case, only the winning company has devoted resources to submitting a thorough tender.

11

Suspicious wording?

If there are similar oddities in several different tenders or in the questions that the companies ask the contracting authority, it may suggest that the companies are colluding. Look out for identical wording, identical errors in calculations or the same notepaper and standard forms.

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Suspected joint tenders?

A joint tender submitted by more companies than necessary to perform the assignment may be illegal.

Honesty pays.

The phone number for tip-offs in respect
of bid-rigging cartels is +46 (0)8-700 16 00.
You can also send an e-mail to the Swedish Competition
Authority, at konkurrensverket@kkv.se
For more information visit www.konkurrensverket.se