

LATEST INTELLIGENCE

Energy

Shell sued by two former Chinese distributors for alleged antitrust violations **A**

Two Chinese industrial lubricant distributors have recently independently filed antitrust lawsuits against Netherlands-based **Royal Dutch Shell** in Beijing and Hohhot, the capital city of Inner Mongolia Autonomous Region, *PaRR* has learnt.

The two plaintiffs, **Hohhot Huili Material Co. Ltd** and **Shanxi Changlin Industrial Co. Ltd** are understood to be former Shell partners. There are three lawsuits in total – Hohhot Huili has filed actions in Beijing and Hohhot while Shanxi Changlin filed one in Beijing – and these are understood to relate to vertical monopolistic agreements, abuse of dominance as found by the Beijing Intellectual Property Court, and horizontal cartel agreements as found by the Hohhot Intermediate People's Court.

Both plaintiffs are understood to allege that Shell has designated winners among its distributors for procurement tenders, requiring these to quote at fixed prices or no lower than set minimum prices; and controlling distributors' bidding activities as well as profit margins by pre-determining unfairly high ex-factory prices and forcing distributors to apply frequently for special discounts during the bidding process.

The plaintiffs are understood to claim that since many large companies in China's heavy industry have steady and long-term demands for Shell's industrial lubricants, the subject products in many tenders are often limited to Shell products, hence intra-brand competition is of great importance to maintain market competition.

The time for evidence to be submitted in the lawsuit relating to vertical monopolistic agreements is understood to have expired, and the court may schedule and hold a hearing soon.

The plaintiffs are understood not to be seeking compensation in the lawsuits but are understood to have reserved rights to seek future compensation.

Shell did not return an email seeking comment. Huili and Changlin could not be reached for comments.

By Lisha Zhou in Shanghai and Shangjing Li in Beijing

UNDER COVERAGE

COMPANIES

Royal Dutch Shell Plc

Hohhot Huili Material Co. Ltd

Shanxi Changlin Industrial Co. Ltd

GOVERNMENT AGENCIES

Beijing IP Court