



Truck Cartel - LGA Group Litigation

Meeting	Date
Resources Committee	16 March 2018
Report by	Document Number
Head of Legal and Democratic Services	FEP 2828

Public

Summary

Following a European Commission decision on 19 July 2016 it came to public attention that a cartel of truck producing companies ran from 17 Jan 1997 to 18 Jan 2011.

The LGA have now initiated a group litigation for local authorities, public bodies and FRAs to seek damages from the Cartelists for the increased costs of truck purchases during the period of the Cartel. To date 260 participants have agreed to participate in the LGA group litigation including several FRAs.

Recommendation

That the report be noted and the Committee considers the further report in Part 2 of the meeting.

Background

1. The European Commission has, in its decision in case AT.39824 Trucks ("the Trucks Decision"), identified a single and continuous infringement of Article 101 TFEU covering the whole of the EEA in relation to sale and pricing of trucks weighing between 6 and 16 tonnes ("medium trucks") and trucks weighing more than 16 tonnes ("heavy trucks", together "trucks").
2. The Cartel ran from 17 Jan 1997 to 18 Jan 2011 and but only came to public attention with the publication of the Decision on 19 July 2016.
3. The purpose of the Cartel was to artificially inflate the costs of trucks to profit the members of the Cartel. Following the European Commission's decision and fine, purchasers of trucks are now involved in legal actions to reclaim the increased purchase prices of trucks from the members of the Cartel.
4. The LGA have now invited member and other authorities to join a group action.

5. The aggregated FRA claims have substantial value. Liability is effectively established and any litigation will focus on quantum. The long duration and considerable age of the cartel, will, even with simple interest, serve to magnify claims.
6. The Authority will have to provide full details of any truck purchases, over the Cartel period. This will require significant work by procurement and fleet services.
7. Litigation funding has been arranged by the LGA to cover the costs of this claim (effectively a no-win no fee arrangement). The LGA, who will manage the litigation on behalf of the participating authorities.

Head of Legal and Democratic Services comments

8. The Head of Legal and Democratic Services is the author of this report.

Director of Finance and Contractual Services comments

9. Comments by the Director of Finance and Contractual Services are in the part 2 report.

Sustainable development implications

10. There are no sustainable development implications.

Staff Side consultations undertaken

11. There has been no consultation with the staff side.

Equalities implications

12. There are no equalities implications.

List of Appendices to this report: Nil.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents – correspondence with LGA	
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