

How to detect bid-rigging cartels

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Agenda

- Information for procurers → where to focus
 - Scanning and economic analysis of public tenders as a way to detect cartels
 - Conclusions
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Bid-rigging cartels



- Checklist – Twelve ways to detect bid-rigging cartels
 - Brochure – Honesty pays!
 - Meetings with procurers
- increased cartel awareness

Examples from checklist

- **Suspicious patterns?**

In the asphalt cartel, companies had divided public tender contracts between them in a market sharing agreement. Companies that refrained from submitting competitive tenders were compensated – financially or by being allowed to work as subcontractors.

- **Suspicious subcontracting agreements?**

In the power line pole cartel, the companies had agreed that the winning company would compensate the losing company by purchasing half of the poles from them.

Transportation of diseased



- Tip-off from procurement official combined with a more general suspicion of malfunctioning market
 - Analysis of a large number of bids in procurements all over Sweden
- Four suspicious tenders found, three companies had submitted equal bids
Dawn raid carried out in 2009
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Modus operandi

- Collective boycotts
 - Meetings with procurers → split contract between them
 - Half the transportations = half the funerals
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Scanning of bids to detect bid-rigging cartels

- Can you identify geographical patterns?
 - Can you identify other patterns? (price similarities etc)
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The use of economic analysis to detect bid-rigging cartels

- Do companies have different bidding strategies where strategies should be similar?
 - Can you identify patterns in the losing bids?
 - Does the bidding structure differ in one geographical area from another?
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Double check!

- Compare with patterns from known cartels.
 - Ask experts.
 - Compare with well functioning market.
 - Talk with procurers.
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Sometimes it seems almost too obvious...

- CEO of company A signed the bid of company B
 - All prices identical in the bids of A and B
 - The last person to have modified company A:s prices in one of two product categories is the sales manager of company B...
 - ...and the last person to have modified company B:s prices in the other product category is the sales manager of company A
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Sum up

- Contacts with public procurement officials is the most useful method to detect bid-rigging cartels
 - Scanning of public procurement markets has proven useful. It is time consuming but not very complicated.
 - Using more advanced economic analysis to detect cartels is also time consuming. If you have a trigger and a bid-rigging cartel which makes mistakes you have a chance to succeed.
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Thank you for your attention!

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