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Our ref: RPN10000454
Contact officer: Simon Bell
Contact phone: 02 6243 1232

14/10/2019

Dear Madam/Sir

Resale Price Maintenance notification RPN10000454 submitted by Weldclass Welding Products (Weldclass) – interested party consultation

The Australian Competition and Consumer Commission (the **ACCC**) has received a notification from Weldclass Welding Products (**Weldclass**) proposing to engage in resale price maintenance (**RPM**) with regard to its welding and plasma cutting products.

The ACCC invites you, as a potentially interested party, to comment on the arrangements. Further information about the RPM notification process is provided in the ACCC's [Resale Price Maintenance Guidelines](#).

RPM notification lodged by Weldclass

On 4 October 2019, Weldclass lodged a RPM notification. Weldclass proposes to introduce into its distributor agreements a requirement that its distributors not sell its welding and plasma cutting products below minimum prices nominated by Weldclass (the **RPM Conduct**). The proposed RPM Conduct relates to Weldclass' current and future welders and plasma cutters models only.

Weldclass is concerned that a focus on discounting at the expense of customer service across the tools industry is resulting in many customers acquiring welding equipment that is not suited to their needs. Weldclass submits that a number of its distributors that are willing to invest in providing expertise and advice to consumers frequently lose sales to other distributors who offer discounted prices, but limited customer service. It considers that setting a minimum retail price will result in public benefits by enabling its distributors to have the confidence to invest in infrastructure, floor space, additional training and pre-and post-sales customer service.

Once a notification has been validly lodged with the ACCC, immunity from legal action in respect of the notified conduct commences automatically 14 days after the notification was lodged, unless the ACCC issues a draft objection notice proposing to prevent the immunity coming into effect.

In this case, immunity from legal action will commence on 18 October 2019. However, Weldclass' notification states that it will not commence the RPM conduct until after the ACCC's substantive assessment of the notification. That is, Weldclass will not engage in the proposed RPM conduct until the ACCC makes a final decision about the notification.

Request for submissions

The ACCC invites you to make a submission on the likely public benefits and effect on competition, or any public detriment, from the proposed RPM conduct.

Please lodge your submission by 28 October 2019 by email to adjudication@acc.gov.au with the subject "RPN10000454– Weldclass – submission".

Alternatively, if you would like to provide comments orally please contact Simon Bell on (02) 6243 1232 to organise a suitable time.

Submissions, including oral submissions, will be placed on the ACCC's public register subject to any request for exclusion. Please see the ACCC's [Guidelines for excluding information from the public register](#).

If you do not wish to make a submission at this time, but would like to be informed of the progress of the notification, please provide a nominated contact email address for future correspondence.

You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding the notification.

Timetable

The ACCC will progress its assessment of the notification in a timely manner. An indicative timetable is set out below for your information.

Indicative date	Stage in assessment process
4 October 2019	RPM notification lodged
14 October 2019	Public consultation commences
28 October 2019	Closing date for submissions from interested parties
November 2019	Weldclass to respond to any issues raised in interested party submissions
December 2019	Expected timing for ACCC decision to either allow the notification to stand or issue a draft objection notice

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Simon Bell on (02) 6243 1232 or adjudication@acc.gov.au.

Yours sincerely



David Hatfield
Director
Adjudication