

## **WELCOMING ADDRESS ON AFRICAN COMPETITION FORUM BY THE DEPUTY MINISTER ECONOMIC DEVELOPMENT**

Programme Director

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The ACF Chairman, Francis Kariuki

Delegates ACF Biannual Conference

1. Thank you for affording us an opportunity for brief remarks at your conference on this important matter of regulating competition within our economies in the continent. I will take this moment to briefly share our perspectives on this subject based on our own experience in our own socio-economic development processes in South Africa.
2. The 4<sup>th</sup> term of democratic government in South Africa started in the midst of a global financial crisis in 2009.
3. The response to this crisis taught us many things.
4. Amongst them is a need to be focussed in our response to the triple challenge of unemployment, inequality and poverty.
5. We also came to a firm up conclusion that growth, on its own while necessary, it is not enough to respond to our challenges. An economic development programme that creates jobs is the most critical in the response to our societal challenges.
6. Income derived from decent jobs created by the economy empowers individuals and households in the society not only to deal with their own challenges, but their increased consumption and investment stimulate the economy of the country.
7. South Africa therefore initiated a process of responding to the crisis that led to adoption of a job focussed economic growth and development trajectory, which is known as a New Growth Path, (NGP).
8. The NGP identifies a number of Job drivers where interventions must be made to stimulate growth and Job creation. They include project in the area of infrastructure, value addition in the Main macroeconomic sectors, projects in the emerging economies, public and social economy, and ...
9. Emphasis on the NGP is on acceleration of Industrialisation, Beneficiation, entrepreneurial capacity, skills development, innovation and productivity.
10. In this process we picked up that market economy in as much as it is said to be free, it is not that free for others.

11. Competition is highly curtailed. New entries are highly limited by big monopolies' barriers in the industries through price fixing, cartels, and collusions.
12. Your colleagues from the Competition commission and the competition tribunal will share with you their experiences in this regard.
13. The past 5 years has probably in exciting one in this regard. We have seen the Competition Commission of South Africa lifted high and even recognised by the public and government institutions. We have seen penalties mooted to those defaulting. We have seen cartels broken in the construction sector and other monopolies.
14. On the international trade side, our International Trade Administration Commission had also its share of experience, which we believe your South African colleagues will share with you.
15. It is within this context that we believe strongly that a body like The African Competition Forum is important for sharing lessons of experience.

#### THE IMPORTANCE OF THE AFRICAN COMPETITION FORUM

16. The aim of the Forum augers well with the objectives of the South African government and the context within which its own regulatory bodies are expected to operate.
17. The African Competition Forum seeks to promote and capacitate the African countries in order to alleviate poverty and enhance inclusive growth, while fostering innovative, productivity and growth.
18. As we are going to deliberate, it is important that our focus be directed to linkages between the competition and competition policies, private sectors development growth and poverty reduction.
19. We all know that anti-competitive conduct causes weak competition, while inappropriate policies and power of vested interest may cost fair competition and new entrance, dearly.
20. As you gathered here today here to engage and assess the work you have done for the last 15years as enforcers of competition laws.
21. In order to fulfil the founding objective of the forum, you need to weigh the effects of what you are sanctioned to do in relation to Poverty, Inequality and Economic development. Solutions to challenges facing our continent relating to Markets, Pricing and Competition within Industries, Business and Exchange rates are critical to the work of member countries of competition forum.
22. We are confident that forum will assist bodies you represent to play an important and pivotal role in ensuring that unfair competition does not exist at the expense of the nation and /or Industries that contribute to the continent's economy and social being.



## THE RELEVANCE OF AFRICAN COMPETITION FORUM IN DEVELOPMENT REALM

23. The South African National Development Plan places more emphasis not only on a correct fiscal and monetary stance, but the exports and African regional development.
24. Fair competitive environment is a key for this to be realised and we can only earn respect in our respective countries based on our qualitative contribution emanating from our own internal capacities to investigate, conduct proper research, skills capacity to manoeuvre and have proper tools of analysis to read developments market wisely. We are happy to note that this is what the forum is seized with.
25. Over the years mergers have been used as means to retrench workers, as means to strengthen barrier to new entrants.
26. This conference therefore should work hard and come up with strategies that will be employed towards balanced trade that is both just and healthy to job creation and growth.
27. The workforce fate is upon the role the bodies you represent will during mergers of companies and organisations.
28. It is through our innovative programmes towards uncompetitive practices that will bring change in Africa's and the World's Economy and their Social standing.
29. Investigative skills and knowledge forms the core of the work of our competition regulatory bodies.
30. Our small businesses and historically disadvantaged persons cannot thrive in the midst of manipulation of the playing field by the monopolies. The national industries can also not be able to compete in international markets freely either, unless the hawk eye of the competition commissions you represent.
31. We believe that within the 15 years of competition enforcement you have managed to keep the African economy abreast despite challenging environment for competition.
32. The emerging markets economies have experienced inflationary pressure and currency volatility, increasing the risk of accelerated Domestic consumer Goods inflation. These have triggered big mergers and some price fixing, as means to crowd out new entrants and undermine competition.
33. It is the research that you do and the skills that you develop that will help save the economy from falling but keep it growing despite all these challenges.
34. Globally, there have been some setbacks in countries like China, USA, Argentina Russia, Turkey and others, whilst Germany experience some. However, all these symbolise the trade environment which have a link with competition in the markets.

## IN CONCLUSION

35. We must be aware that without a proper watch and decisive enforcement, some industries and national companies would be out of the market or will not be competing and will be out of business.
36. Our regulatory bodies should identify areas of potential practices that stifle competition and come up with remedies and deterrents to reduce abuses that may cost our economies. Equally so, we need to identify those aspects that make enforcement complex and make some recommendations on how to tackle them.
37. I am glad that the agenda caters for an item on industrial policy and competition policy: Links and pitfalls: by Dr Gabriel Palma. I am hopeful that this will provide an opportunity to identify possible obstacles to fair competitions and develop a plan or a process towards dealing with them.
38. Our responsibility is to ensure that emerging farmers, small entrepreneurs benefit and barriers to entry are minimised.
39. The key role of the competition policy in the investment climate, suggest that government policies play a vital role around costs, risks and barriers.
40. It is on this basis that we believe that the products of this conference will give strength to emerging business, industries, the workforce, government, the private sector, the nations, the region and the continent as a whole.

**THIS CONFERENCE MUST SET THE TONE IN CHANGING SOUTH AFRICAN COMPETITION AND AN INTERGRATED FAIR COMPETITION FOR THE REST OF THE CONTINENT.**

**WE WISH YOU WELL IN YOUR DELIBERATIONS.**

**I THANK YOU**