



**REMARKS BY THE COMMISSIONER FOR THE COMPETITION COMMISSION, MR. TEMBINKOSI BONAKELE, ON THE OCCASION OF THE MEDIA BRIEFING ON THE COMPETITION COMMISSION'S RESPONSE TO THE COVID-19 PANDEMIC, HELD AT RONNIE MOEPA AUDITORIUM, GCIS HEADQUARTERS, PRETORIA.**

**FRIDAY, 29 May 2020**

**PROGRAMME DIRECTOR, HONOURABLE MINISTER MTHEMBU  
HONOURABLE MINISTERS IN THE ECONOMIC CLUSTER HERE PRESENT,  
HONOURABLE MINISTER DELILLE, WHO HAS JOINED US THROUGH THE VIRTUAL LINK,  
MEMBERS OF THE MEDIA,**

**GOOD AFTERNOON,**

The Competition Commission recognizes that COVID-19 poses a public health challenge. It also presents significant economic and social challenges, particularly on unemployment and the trajectory of our economic growth. The Commission also expects that there will likely be an increasing number of corporate mergers by distressed firms, therefore, competition regulation would need to be refocused to promote access to markets by small and historically disadvantaged firms and to protect consumers and businesses.

The Commission has been prioritising work on regulations, block exemptions, investigations, mergers and advocacy. The regulations on excessive pricing prohibited any increase in the price of essential goods such as food and medical supplies, that could not be justified by a corresponding increase in the input costs of these goods. Block exemptions have also been granted to assist five sectors: healthcare, banking, retail property, hotels and wholesale liquid fuel.

To date, the Commission has received over 1500 complaints or tip-offs since the start of the lockdown related to excessive pricing of basic food products, masks and sanitizers. Most of these have been from Gauteng. We have four referred investigations to the Competition Tribunal including the investigation of Dis-Chem Group and Babelegi Supplies, and we await judgements from the Competition Tribunal. The Commission encouraged firms to reach settlements in order to speed up the processing of excessive pricing cases. In most settlements, firms had undertaken to correct prices/margins and make a donation to a public interest organisation or the Solidarity Fund. The total amount of settlements equal R12 854 694,00, of which R5 316 990,00 has been donated to the Solidarity Fund.

We have made significant progress regarding settlements and consent orders. We have in this regard, achieved settlements and consent order, to the total value of the settlements R12 854 694,00.

These have been in the form of penalties levied against the firms, donations to the Solidarity Fund and Public Interest Organisations (PIOs) such as old age homes, local charities police stations etc, broken down as follows:

- R7 479 542,00 – Penalties levied against respondent firms.
- R5 316 990,00 – Donations to the Solidarity Fund.
- R58 162,00 – Donations to public interest organisations.

We have also encouraged firms who were found to have contravened the Act, to make corrective action to prices or margins, to what we regard as competitive levels, up to 20%.

To date, a total of 35 firms are in various stages of settlement.

We would like to thank all our stakeholders, particularly consumers and members of the society who have been active in bringing these matters to our attention and business which has been largely cooperative during our investigations.

The Commission is also monitoring food market pricing to understand retail level inflation and the need for enforcement action. We expect the price increases in some staple foods such as bread and flour, due to the rand depreciation which has resulted in price increases for imported crops such as wheat (25%) and rice (30%). The domestic price maize has however increased due to season end shortages but will drop significantly as the new bumper crop comes in late May. Fresh produce was initially impacted by panic buying of staples (onions, potatoes, tomatoes), leading to some price spikes. However, the drop in demand from restaurants and constrained consumers has seen prices steadily fall on most fresh produce since lockdown as supply outstrips demand.

In our non-Covid-19 related work, the Commission is assessing the acquisition of mobile network operator (MNO) Cell C, silo storage provider Suidwes, and a coal mining company South32. The Commission has also concluded settlements with MNOs, including Vodacom and MTN, who undertook to reduce the cost of data by up to 30%. The MNOs have also undertaken to provide lifeline data and zero-rating for public interest purposes. Regulations restricting the abuse of power by dominant suppliers have been published and a settlement has been reached which would see large retail stores, including Shoprite Holdings phase out exclusivity clauses in their leases, These developments will enable competition from small business and independent retailers.

In conclusion, the Commission will, continue to prioritise COVID-19 matters and refer several more cases for prosecution, including settlements and consent orders with respondent firms. Priority will be given to merger regulations and/or block exemptions in sectors of the economy which have been severely impacted by the pandemic.

The Commission will also work closely with government and business, to provide advice or advocacy regarding specific proposed interventions for economic recovery. Lastly, there is increased need for coordination with international counterparts to coordinate our responses to the pandemic and economic interventions. We

emphasise that Competition Policy should be prioritised as a key tool towards economic recovery, post the pandemic.

[ENDS]

**Issued by:**

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