

PRESS RELEASE

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Commission submits its recommendation on Wal-Mart/Massmart merger to the Tribunal

On Friday, 11 February, the Competition Commission ('the Commission') submitted its recommendation on the transaction between Wal-Mart Stores, Inc ("Wal-Mart") and Massmart Holdings Limited ("Massmart") to the Competition Tribunal ("Tribunal"). Wal-Mart is acquiring a controlling stake in Massmart. Wal-Mart is USA based company that retails a wide range of products such as grocery, electronic, furniture and clothing in 15 countries. Massmart is a wholesaler and a retailer of grocery products, liquor and general merchandise and is listed on the JSE. The Commission found that the merger does not raise competition concerns.

Public interest concerns were raised, in terms of section 12A(3) of the Competition Act, by SACCAWU, SACTWU, FAWU and the Small, Medium and Micro Enterprise Forum. The concerns relate to Wal-Mart's record on labour rights and the effect of its procurement practices on local manufacturers and suppliers.

With respect to these issues, the merging parties have assured the Commission that they will honour pre-existing union agreements and abide by South African labour law; and will source the majority of their products locally. The Commission notes ongoing discussions between the merging parties and public interest groups to clarify these commitments, and has informed the Tribunal that it would have to consider further representation on these issues at its hearing.

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