



***competition*commission**  
***south africa***

**LIQUIFIED PETROLEUM GAS (LPG) MARKET INQUIRY**

**CALL FOR SUBMISSIONS**

**16 SEPTEMBER 2014**

## **CALL FOR SUBMISSIONS**

1. The Competition Commission (the “**Commission**”) has initiated a market inquiry into the LPG sector in South Africa in terms of Chapter 4A of the Competition Act No. 89 of 1998 (as amended) (the “**Act**”). The Terms of Reference (“**ToR**”) for the market inquiry were published in the Government Gazette No. 37903 on 15 August 2014. The ToR is available on the Commission’s website ([www.compcom.co.za](http://www.compcom.co.za)).
2. The Commission is now inviting all stakeholders who wish to participate in the LPG Market Inquiry to make formal submissions. All the submissions must be accompanied by a signed **LPG1** form, and should be in accordance with the requirements set out in the LPG Market Inquiry Stakeholder Participation Guideline which is available on the Commission’s website.
3. Submissions should **not** be limited to the issues identified in the ToR but can be extended to other issues that may be relevant to the inquiry and how the identified issues impact on the state of competition in the LPG sector. The issues identified in the ToR as the rationale for the market inquiry are broadly summarised as:
  - 3.1. **Structural features of the market;**
  - 3.2. **High switching costs;**
  - 3.3. **Regulatory environment and its impact on competition; and**
  - 3.4. **Limited usage of LPG at the household level.**
4. In addition, the Commission is providing a list of questions that may guide the submissions by stakeholders in respect of the issues identified above. These questions are not intended to limit the extent of the submissions by stakeholders but rather to guide stakeholders in thinking about the issues to be covered by the market inquiry. Where possible, the Commission encourages stakeholders to make reference to comparable international experiences.

5. Stakeholders are requested to make their submissions<sup>1</sup> by the **31 October 2014**. Submissions should be as detailed as possible, and any views or opinions expressed should be substantiated, as far as possible, by evidence.

### **Guideline Questions**

6. The Commission is requesting you to provide detailed responses to each of the questions below. In addition, you are also invited to provide further data and/or information that is relevant in assessing the state of competition in the LPG sector. For every response, you are requested, where possible, to use examples to illustrate/substantiate your submission.

#### *Structural features of the market*

7. What are the main factors that have contributed to the supply constraints of LPG in South Africa?
8. What impact do supply constraints of LPG (including imports) have on competition and the development of the sector?

#### *Regulatory environment*

9. What impact do the regulatory requirements (at each level of the value-chain) have on competition in the sector? Please answer with reference to the following:
- 9.1. Safety regulations;
  - 9.2. Licensing regulation/requirements;
  - 9.3. Price regulation; and
  - 9.4. Any other relevant regulation.
10. What impact (if any) does the lack of price regulation at the wholesale/reseller level have on competition in the sector?

#### *Limited usage of LPG*

11. In your view, what factors contribute to the low usage of LPG? How can we encourage the broader usage of LPG as an alternative source of energy in South Africa? Please answer this question with reference to market participants operating at the various levels of the value chain.

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<sup>1</sup> Submissions that are not made at this stage and by the 31 October 2014 will not be afforded an additional opportunity to do so at a later stage.

### *Switching Costs*

12. What are the main factors taken into account when deciding to switch from one supplier<sup>2</sup> to another?
13. What factors hinder switching between suppliers of LPG?

### *Further Submissions*

14. Please provide submissions on other issues (not referred to in the ToR) that you think are relevant to assess the state of competition in the LPG sector. Please detail these issues and provide verifiable evidence in support of your submission.
15. The deadline for all submissions is **31 October 2014**. All submissions can be e-mailed to [lpg@compcom.co.za](mailto:lpg@compcom.co.za)

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<sup>2</sup> A supplier in this case can be a refinery, wholesaler and retailer.