



competition commission
south africa

**Media Statement
For Immediate Release**

20 March 2020

COVID-19: IMMEDIATE RESPONSE TO ANTI-COMPETITIVE CONDUCT DURING THE STATE OF NATIONAL DISASTER

With several confirmed cases of COVID-19 in the Republic, President Cyril Ramaphosa declared on 15 March 2020, a State of National Disaster and announced several immediate measures that should be undertaken to prevent the spread of the virus and to allow for immediate management of those already affected. Some of these measures have been given effect by the Regulations published in the Government Gazette of 18 March 2020 by the Minister of Cooperative Governance and Traditional Affairs.

With heightened concerns about COVID-19, the Competition Commission has noted several complaints from the public about rising prices for essential products in particular some food, healthcare and hygiene products. There are also concerns of suppliers inflating prices as government, retailers and private healthcare companies embark on emergency procurement of products related to the curbing and managing the spread of COVID-19.

The Competition Act prohibits various acts of excessive pricing and collusive behaviour by suppliers and retailers which artificially inflates prices and exploits consumers. The penalties for such offences are severe, including a 10% of the firm's annual turnover for a first time offence and 25% of annual turnover for a repeat offence. For collusive behaviour, the directors of companies which engage in such acts face potential imprisonment for a period of up to 10 years.

Minister Patel yesterday gazetted regulations in terms of the Competition Act and Disaster Management Act which aim to strengthen the ability of the Commission and the National Consumer Commission to respond to incidences of exploitative pricing. These regulations empower the Commission to prosecute cases where prices have increased materially without any cost justifications for the increase. The Commission is working closely and coordinating with the National Consumer Commission to provide consumers the swiftest and most effective protection against price abuse during this period. The Minister of Trade, Industry and Competition, the Commissioners of the Competition Commission and the National Consumer Commission have been in contact with the major retailers and pharmacy CEOs to address, among other issues, concerns around price increases. All the retailers are supportive of government and regulators' efforts to protect consumers at this critical time. We have therefore agreed that in the event of any unusual increases of prices by suppliers, the retailers will bring these to the attention of the regulators. Consumers should also bring any concerns to the attention of regulators through the details available in their websites, or through this toll-free no. 0800 014 880. The cases will be screened and referred to the relevant regulator for swift action.

During this period of the state of national disaster, the Commission will specifically prioritise such complaints to ensure that firms exploiting consumers are quickly prosecuted and penalised. To this end, the Commission has set up a dedicated team to respond and investigate any such complaints, and to fast track these through referral and prosecution before the Competition Tribunal.

Minister Patel also gazetted regulations which enable the private healthcare system to cooperate on ensuring that there is adequate capacity and stocks at healthcare facilities throughout the country in order to respond to the COVID-19 national disaster. This will assist in ensuring that the private and public healthcare system can provide the necessary care to citizens without fear of falling foul of the Competition Act. However, these regulations are limited to ensuring an adequate supply of healthcare to citizens and

do not give the private healthcare industry the right to cooperate on pricing to the public. There are also controls insofar as any cooperation needs to be at the request of the Department of Health, and in coordination with that Department.

[ENDS]

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