



competition commission
south africa

Media Statement

For Immediate Release

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COMMISSION CRACKS DOWN ON EXCESSIVE PRICING

The Competition Commission has moved swiftly against companies accused of inflating prices of essential goods following the advent of the COVID-19 national disaster by referring its first case to the Competition Tribunal for prosecution. This first case was filed by complainants with the Commission on 24 March 2020, referred to the Tribunal on 9 April 2020 and the Tribunal intends to hear this matter on 24 April 2020.

The Commission has been inundated with hundreds of complaints from consumers about prices of certain essential goods and other basic food items that have suddenly sky rocketed.

The first case before the Tribunal is a case of excessive pricing against Babelegi Workwear Overall Manufacturers & Industrial Supplies CC (Babelegi) for price gouging of facial masks. The Commission investigated the complaints and found that during the period 31 January 2020 to 5 March 2020, Babelegi increased its prices of facial masks from R41 per box up to the highest price of R500 per box, earning during this period mark-ups in excess of 500%.

The Commission further found that Babelegi's prices for facial masks increased by at least 888% when comparing the prices charged on 9 December 2019 to the prices charged on 5 March 2020. Mark ups (and not prices) significantly dropped after 18 March 2020, allegedly after the supplier increased input prices. The supplier is now also under investigation for excessive pricing. Facial masks fall under the category of 'medical and hygiene supplies' and have been identified as essential goods for the prevention and escalation of the COVID-19 pandemic.

Other matters that have been concluded, but are yet to be referred to the Tribunal include the following:

- An investigation of a hardware that allegedly increased the price of surgical gloves over a period of a week from R99.99 to R170, with no cost increase justifications.
- A pharmacy that earned more than 300% mark-up on face masks and hand sanitiser.
- A wholesaler of chicken that increased mark ups for chicken pieces by up to 50%, with no cost increase justifications.
- A supplier of face masks that earned over 665% mark-ups.

Tembinkosi Bonakele, Commissioner of the Competition Commission said “The Commission has now gone past the stage of moral suasion and appeals to patriotism to stop abuse of market power by those seeking to exploit consumers at the worse possible time – the law must take its course - we will see a wave of prosecution of firms in the next coming days.

[ENDS]

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