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# **Competition and transformation in the economic recovery: Lessons from industrial fisheries in SA**

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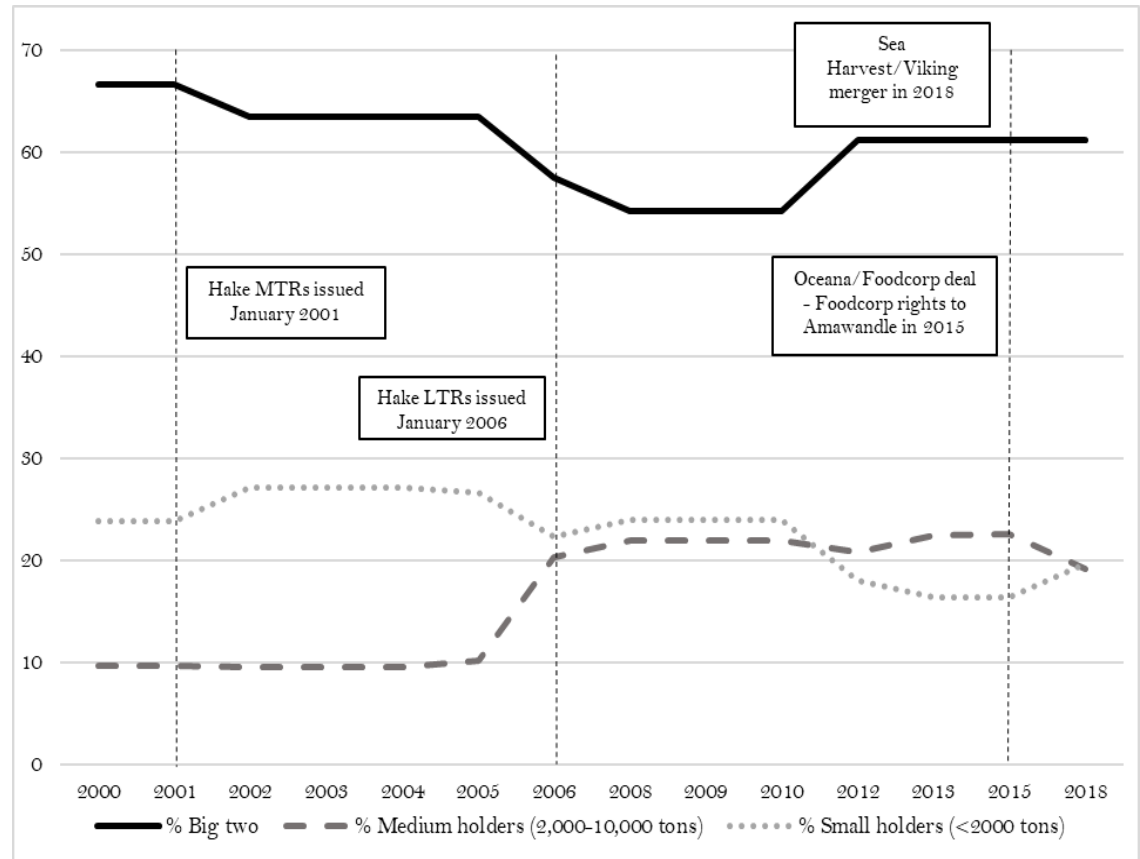
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# Approach

- Focus
  - Main industrial fishery in SA: Hake Deep Sea Trawl (HDST)
  - Looking back (LTR 2005) & forward (FRAP 2020/21) on BEE, transformation and competitive outcomes
- Methods
  - Interviews, & secondary materials 2004/05 & 2019/20
- Three main elements
  - Fishing Rights Allocation Processes
  - Competition and market power
  - Black Economic Empowerment (BEE)

# A story of regulation & market power

- Historically dominated by 2 or 3 groups, vertically integrated
- System of ‘clusters’ – joint ventures, agreements to optimize vessel usage
- 2019: 10 clusters, 33 TAC right holders
- Institutional weakness on monitoring socio-economic impacts
- Environmental monitoring and MSC certification
- What is the experience of small and medium rights holders?



# Key lessons for economic recovery

1. Consolidation & scale, versus rivalry & participation
2. Industry coordination critical, but dampens competition
3. Barriers to entry are persistent – pre&post COVID-19
4. Regulatory capacity failures - rebuild state capacity
5. BEE has not worked well with other policies – there is a critical role for competition policy
  - SMEs not involved in value chains – access to markets
  - Funding mechanisms not effective
  - Participation a critical new aspects of competition law
  - Value chain lens is important – who captures returns?

# Cross-cutting insights

- What should Transformation 2.0 look like? COVID-19?
- Power asymmetries and inequality will be reinforced by a rules based regulatory approach with weakened state capacity – but there is strength in the comp agencies?
- Challenge: Urgency for recovery may set aside gains made on inclusion and participation
  - Competition law enforcement needs to hold firm
- Inclusion falling through the cracks?
  - Policy coordination will be critical – regulation, BEE and competition law are limited tools on their own
  - Coherent industrial policy a key part of the solution – developed with competition priorities in mind