



Press Release

Immediate Release

Date 14 June 2021

COMMISSION WELCOMES CONSENT AGREEMENT WITH PICK N PAY

The Competition Commission of South Africa (Commission) has welcomed the decision by the Competition Tribunal (Tribunal) handed down on Friday 11 June 2021, to confirm as an order, a consent agreement with Pick n Pay Retailers Proprietary Limited (Pick n Pay). The order will effectively eliminate exclusive leases in shopping malls in keeping with the recommendations of the Grocery Retail Market Inquiry (GRMI).

In its final report, the GRMI found that Long-Term Exclusive Lease Agreements are widely prevalent in the grocery retail sector and give rise to customer harm as they limit consumer choice and reduced competition within Shopping Centres. Furthermore, such exclusive agreements prevent the participation of SMEs and historically disadvantaged persons in the grocery retail sector.

In line with this order, Pick n Pay has undertaken to do the following:

- waive exclusivity against small and independent grocery retailers; speciality and limited line stores in all shopping centres with immediate effect;
- waive exclusivity against supermarkets owned and controlled by historically disadvantaged persons, including independent franchisees or members of buyer groups, in all shopping centres with immediate effect;
- phase out exclusivity against other supermarket chains over six years ending 31 December 2026; and
- not sign any new lease agreements that contain exclusivity clauses.

Pick n Pay also undertook to, within a period of twelve months, seek to secure the agreement of its franchisees to cease the enforcement of exclusivity provisions in their lease agreements as well as ensure that they do not sign any new lease agreements that contain exclusivity clauses.

“The Commission has prioritized opening up markets by lowering barriers to entry and allow SMMEs and HDI firms have a fighting chance in the economy. This is the only sustainable way towards a growing and inclusive economy,” said Competition Commissioner, Tembinkosi Bonakele.

[ENDS]

Issued by:

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