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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 383

Mrs Y N Yako (EFF) to ask the Minister of Trade and Industry:

Whether the Government has managed to achieve the targets it set itself to achieve through the Black Economic Empowerment programme in the past 10 years; if not, what is the position in this regard; if so, what are the further relevant details? NW561E

REPLY

Over the past 10 years, there has been a significant expansion in the number of black South Africans who were able to access business opportunities or skills enhancement, as a result of BB-BEE programmes.

These included programmes such as

- The Black Industrialist programme promoted by the DTIC and the IDC (Industrial Development Corporation).
- Sector Charters and BEE Codes
- Development Funds introduced through settlements under the Competition Act
- Equity-equivalent programmes introduced for multinational corporations
- Preferential policies used in state procurement
- Support rendered to businesses by the National Empowerment Fund

I have requested that detailed information aggregating the impact of the various policies be prepared for public release and initial results were made available at a public conference hosted by the Black Business Council in March this year. It showed very large levels of funds deployed to promoting wider empowerment across the society.

I intend to release an updated version of the study during the Budget Vote of the Department.

Taken as a whole, while there has been enormous progress in expanding the base of the economy, there are still significant gaps and much remains to be done to build a truly inclusive economy.

Young people are disproportionately represented in the ranks of the unemployed. The presence of women in core productive sectors remain well below what is needed for the country to fully utilize the talents of one half of the population.

Levels of economic concentration remain unusually high in a number of sectors and recent changes in the competition laws are intended to address these.

For the period ahead, we need to:

- improve the implementation of existing policy, including through strengthening the quality of the BEE 'book' through stronger business support services and maintaining transparency on beneficiaries.
- scale up the successes of public policy in promoting sustainable empowerment, with resources allocated from the Budget to achieve this
- address challenges in the structure of the economy and the practices that inhibit the participation of SMMES and black entrepreneurs in the economy.

The new Competition Act focuses for the first time on market structure, and the high levels of economic concentration in many parts of the economy. It does not prohibit economic concentration or seek to break up large companies, because in a globalised world and indeed for the success of the African Continental Free Trade Area, the continent will need industrial champions with the scale and size to be successful and to compete with the world's large US, German, Chinese and Indian companies.

The new provisions of the Competition Act places the impact of structure or concentration of markets, on the entry of SMEs and Black South Africans in a sector. Where concentration acts as an inhibitor that prevents or limits entry and participation, the law now gives the Competition Commission the power to effect remedies.

The law has also been changed to address problems where large suppliers discriminate against SMEs on prices and unfair trading conditions. For example, if a large bakery sells bread at a significantly cheaper price to a large retailer with stores in a township, and sells the same bread at a much higher price to spaza shops and if the effect of this is to prevent a class of small businesses from participating in the market, it would be subject to investigation and remedy.

The law now addresses abuse of power by dominant firms who are buyers: for example retailers in relation to small suppliers; or insurance companies in relation to the panels of authorised panel-beaters.

The price-discrimination and buyer power provisions are intended to assist black-owned companies that have less than 20% of any given market.

These measures are directed at addressing both structural barriers, and conduct of dominant firms that inhibit smaller, newer and in many cases, black-owned firms from gaining a foothold in the market and then expanding.

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