

Introduction to the Competition Commission

Portfolio Committee on Trade, Industry &
Competition
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competition commission
south africa

About us

- One of three bodies established to regulate competition in the market.
- The Commission investigates complaints, assesses mergers, evaluates exemption applications, undertakes market inquiries and advocacy, in order to achieve equity and efficiency in the South African economy.
- Approximately 230 staff members; based in Pretoria.

What we do: functions of the Commission

1. Enforcement

- **Prosecution of anti-competitive behaviour**
 - Cartels
 - Abuse of dominance
 - Other prohibited conduct
 - Exemption Applications

2. Mergers & Acquisitions

- **Prevent concentration through control**
 - Review of Merger applications
 - Approvals, Approvals with conditions, Prohibitions

3. Market Inquiries

- General probe into state of competition in a market without investigating a particular firm.

4. Advocacy

- **Advocacy for pro-competitive conduct**
 - Preliminary investigation of complaints
 - Sector-specific Advocacy
 - Stakeholder Relations (incl. international)
 - Policy Analysis

Competition & Economic Development



- Competition law in South Africa has developed from roots up, given the context:
 - It promotes efficiency and development of the economy;
 - It provides consumers with competitive prices and product choices;
 - It ensures SMME's an equitable opportunity in the economy;
 - It advances economic welfare of South Africans;
 - It expands opportunities for South African participation in world markets;
 - It promotes greater spread of ownership, in particular HDI's.

Benefits of Competition

- The Competition Commission



Enforces the law

- More competition in markets



Entry and exit, innovation

Lower prices, more product choice

- High productivity growth



- Economic growth

- When customers can choose between different firms, they benefit and so does the economy as a whole.
- The ability of customers to choose forces firms to compete.
- Competition between firms also leads to increased productivity and economic growth.

- Competitive and inclusive markets enable the people to participate in the economic enterprise.
- Competitive and inclusive markets take people out from under the thumb of poverty, inequality, corruption and exclusion.

Prioritization

- ‘Prioritization’ refers to the Commission’s approach of identifying and selecting strategic sectors in which it will focus its enforcement and advocacy work.
- The selection of priority sectors has allowed for effective allocation of resources and it has ensured the alignment between the focus areas of the Commission and those of Government. Prioritisation has also allowed for targeted impact of the Commission’s work in significant areas of the economy.
- Prioritisation criteria includes, amongst others:
 - Volume of complaints received of anti-competitive conduct in a particular sector;
 - Sectors with a direct impact on consumers, particularly the poor;
 - Government priority areas.

Priority Sectors (1)

Food & Agro-Processing



- ✓ Grocery Retail Inquiry
- ✓ Various Cartels (e.g. Beef, Feedlots)
- ✓ Rooibos

Infrastructure & Construction



- ✓ Transnet Ports & Rail

Healthcare



- ✓ Private Healthcare Market Inquiry
- ✓ Pharmaceuticals (cancer drugs)

Financial Services



- ✓ Forex Cartel
- ✓ SA Taxi Finance

Priority Sectors (2)

Energy



- ✓ LPG Inquiry
- ✓ Total Gaz, Afrox, Easigas price fixing

Intermediate Industrial Inputs



- ✓ Packaging (Mpact, Nampak)
- ✓ Fire Sprinklers
- ✓ Automotive components

Information & Communication Technology



- ✓ Data Market Inquiry
- ✓ Vodacom

Transport



- ✓ Public Transport Market Inquiry
- ✓ Airlines
- ✓ Automotive Aftermarkets Advocacy

Conclusion

- For industrial policy to be effective, it needs to operate within a well-functioning and competitive product market environment. The Commission's role is to promote a competitive product market environment which allows new firms, particularly small and medium enterprises (SMEs), to challenge incumbents; efficient firms to grow and stay ahead of their rivals; and for firms, in general, to invest and innovate at a scale that can help boost both the pace and the pattern of economic growth.
- Regulatory and policy interventions in industrial sectors should ideally adopt a value-chain approach, so as to harness both upstream and downstream potential of each sector, in order to unlock the full economic value therein. Strong co-ordination between policy makers and regulators can enable this.

Thank you



Website: www.compcom.co.za

email: ccsa@compcom.co.za

Tel: 012 394 3200

