



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2366

Mr S S Zondo (IFP) to ask the Minister of Trade, Industry and Competition:

With reference to the widespread sentiment that his department's focus on protectionism, masterplans and selective, interventionist approach to regulating firms, especially in the realms of competition policy, has been counterproductive, what (a) are the relevant details of his department's plan not to limit emerging firms from becoming sufficiently competitive in order to expand their share of the world's demands for goods in this unfavourable economic climate, (b) is his department's strategy to ensure that protectionist policies do not hinder the potential of South African firms and (c) are the further relevant details? NW3679E

REPLY:

Competition Policy in South Africa was developed and is being implemented in the context of a relatively highly concentrated economy. This flows from the legacy of the political economy of our recent past with profound implications for consumers (relatively high prices of specific goods and services and significant increases in prices of certain goods including food). In essence, South Africa's competition policy seeks to achieve economic competition and transformation to realise inclusive growth.

Competition policy is key in the creation of a climate conducive to investments (where investors know that their investments will not be undermined by the anti-competitive behaviour of their rivals and other players upstream or downstream) and supporting the

participation of Small and Medium Enterprises and firms owned by Historically Disadvantaged Persons.

- (a) **the dtic** is deploying its policy instruments to drive industrialisation (including global competitiveness of firms) without ignoring domestic economic imperatives like competition, transformation, innovation, and investments.
- (b) **the dtic** is not pursuing protectionist policies but a policy mix that takes into account the realities of our economy (concentrated, low levels of transformation, low levels of innovation, low levels of investments, etc.). As such, markets cannot fix these challenges on their own but require the agile deployment of regulatory instruments.
- (c) Finally, the benefits of competition policy to the South African economy are well documented including impact studies/other reviews on some of the market inquiries (e.g., Data Market Inquiry resulting in savings to the South African consumer in excess of R 2 billion, recent enforcement intervention by the Commission resulting in Johnson & Johnson abandoning its intentions to extend patents at a huge benefit for the fiscus and the economy on those drugs).

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