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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2390

Mr L Mkutu (ANC) to ask the Minister of Trade, Industry and Competition:

Whether his department intends to regulate how mergers and acquisitions bring broad based black economic empowerment (B-BBEE) partners into merger and acquisition deals, in order to avoid multiple repeat benefits to only certain individuals and companies in the implementation of B-BBEE; if not, what is the position in this regard; if so, what are the relevant details? NO2293E

REPLY:

The Department notes the concern regarding potential repeat beneficiaries in the implementation of B-BBEE in the regulation of mergers and acquisitions. The implementation of the amendments to the Competition Act, particularly the provisions of section 12A(e) that envisaged increasing the greater ownership, creates opportunities for participation of B-BBEE parties through conditions or commitments related to divestitures or HDP transactions.

There is no plan to regulate how B-BBEE partners are brought into mergers and acquisitions transactions at this stage. However, the Department will request the Commission to compile a report on the beneficiaries of B-BBEE, since the amendments; so as to assess the extent to which there has been repeat beneficiaries; and assess whether there is a need to introduce regulations. The assessment will be provided to Parliament once that process has been concluded.

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