

SACTWU

Southern African Clothing and Textile Workers' Union

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The Chairperson
C/o Peter Paul Mbele
The Secretary
Portfolio Committee on the Economic Development
E-mail: pmbele@parliament.gov.za

17 August 2018

Dear Mr Mbele

COMPETITION AMENDMENT BILL, 2018

SACTWU has more than 110,000 members, who are employed in the clothing, textile, footwear, leather, laundry, distribution and related sectors. We are an affiliate of COSATU.

Our trade union has an extensive history of involvement and interest in competition, policy, matters and legislation and their impact on and benefits to workers and the working class. Our union has participated in multiple mergers and acquisitions at the Competition Commission and Tribunal. In addition, in many previous submissions to the government, Nedlac and other bodies, we have played an important role in proceedings to amend the competition legislation.

SACTWU also participated in the recent Nedlac task team on this Bill. This Nedlac process saw many substantial areas of agreement and concluded with overall support for the Bill, captured in the Nedlac Report, which was signed off by all constituencies, including Organised Labour and Organised Business, as follows:

“The parties at NEDLAC recognised that the process of engagement had been meaningful, substantial and helpful and that The Competition Amendment Bill 2018 represents a package of provisions which constitutes an appropriate and effective balance of the interests of all the social partners and the policy imperatives of Government.”

SACTWU endorses all the provisions of the Competition Amendment Bill, 2018 and its proposed amendments to the Competition Act. We align ourselves fully with the submission by COSATU (which we attach here), to which SACTWU, as an affiliate of COSATU, contributed.

Several of Organised Labour's proposals made at Nedlac did not make it into the Bill, including some dealing with employment; the handling of mergers with public policy implications involving foreign firms; creeping concentration; fines and penalties; and warning labels. We recognise that this is the nature of social dialogue and negotiations between social partners. In almost all cases, this was done in order to reach agreement.

While we recognise Parliament's responsibilities in crafting law, further substantial changes to the Bill to accommodate large corporate interests and those that want to maintain the

status quo will dampen the impact of the Bill and result in the status quo in terms of transformation, concentration and inequality remaining.

In general, we welcome and support the provisions in the Bill, as a key means to promote economic inclusion and to address high levels of economic concentration. These high levels of concentration are contributing to greater levels of inequality and social protests and limit our success in creating social cohesion.

Some of the most important benefits from the amended legislation will be that it will undo the racially-skewed spread of firm ownership; promote investment; lead to a reduction in prices; lead to a greater focus on jobs; and the promotion of worker ownership.

We particularly support the provisions of the legislation that deal with

- strengthening the role of the executive as workers and the electorate expect policy makers to be responsible for mergers and exemptions policies and hold them accountable through Parliament and the ballot box
- the executive's ability to exempt collaboration (that is not anti-competitive) between businesses which will enable job creation, industrial expansion, transformation and development
- the veto on mergers that may affect national security as there is no provision in our legislation which provides the legal basis for government to intervene in mergers with national security implications
- an additional test to public interest criteria applied to mergers, namely the extent to which a merger will promote greater ownership, including by workers employed at the firms concerned
- the increase in penalties of firms involved in cartels and collusion
- price discrimination or excessive pricing by dominant firms and which will make it easier for many businesses, including small and medium-sized businesses, to compete
- abuse of dominance by large, monopoly firms that impede the ability of small and medium-sized businesses to operate
- situations where power rests with large buyers, who can dictate prices to suppliers, with less power, as it will prohibit such buyers from requiring such suppliers to sell its products at prices which stops the suppliers from being sustainable and
- strengthening the tool of market inquiries to deal with economic concentration and that can help to deconcentrate the economy.

Yours sincerely
For SACTWU

Sent electronically

Etienne Vlok