**MEDIA STATEMENT**

**TRADE AND INDUSTRY COMMITTEE CONCERNED BY CONCENTRATION OF BIG MARKET PLAYERS IN ECONOMY**

**Parliament, Tuesday, 15 March 2022 –** The Portfolio Committee on Trade and Industry received a briefing from the Competition Commission (CompCom) on the findings of its Measuring Concentration and Participation in the South African Economy: Levels and Trends Report.

The Chairperson, Ms Judy Hermans, said: "It is widely acknowledged that apartheid had left the country with an economy characterised by excessive levels of concentration of ownership and control, as well as a lack of participation by all South Africans."

Research by the CompCom confirmed that this situation has remained in place since the Competition Act was first promulgated over 15 years ago. This prompted amendment to the Act to adequately equip the CompCom to address the two persistent structural constraints in the South African economy, namely the high levels of economic concentration and the skewed ownership profile of the economy.

The CompCom had conducted a comprehensive assessment of industry-level structures using data from more than 80 organisations, the CompCom, Statistics South Africa and the South African Revenue Service covering 178 sub-sectors over the past five to eight years. The study was designed to inform policy development, addressing economic concentration and promoting economic participation.

According to the CompCom, persistent high levels of concentration was found in the agricultural inputs sectors such as seeds, seed treatment and fertiliser, as well as agro-processing, fisheries, sin industries, healthcare and medical schemes, administration and pathology, communication, and the upstream steel value chain and chemicals. Furthermore, the CompCom reported on high levels of concentration in the construction sector, particularly the cement industry and the retail sector.

The committee was concerned with concentration in these sectors, as it limits entry to small and medium enterprises (SMEs) that have employment-creation potential. The committee noted that the issue of small business sustainability and abuse by larger firms in the market still raise barriers to entry.

The committee heard that a government-wide approach on competition matters is required to ensure coordinated and systematic implementation across all spheres of government, so that government action does not inhibit new entrants to the market and work against economic inclusion.

In this regard, the concentration study can aid the prioritisation of government initiatives and provide a benchmark for target setting. The CompCom is of the view that there should be an immediate focus on agricultural value chains to support broader land reform initiatives. In addition, greater coordination is required between regulators and public entities responsible for issuing licences and concessions, including commission concurrency in ownership transfers. The CompCom cautioned that competition law alone cannot achieve the transformation of the economic structure, however.

Committee Chairperson Ms Hermans said the committee noted CompCom's recommendation for more systematic funding and support to upscale SMEs and firms owned by historically disadvantaged individuals to be considered, through development finance institutions and regulated changes to private-sector funding patterns, among others.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY, MS JUDY HERMANS**

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