****

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION 542**

**DATE OF PUBLICATION: 08 March 2019**

**Mr S A Tleane (ANC) to ask the Minister of Economic Development:**

In view of the fact that the Competition Commission has the responsibility to

recommend to the Competition Tribunal to decline or approve mergers and

acquisitions, how will mergers and acquisitions with regard to employment and

economic growth considerations (a) further contribute to economic growth and (b)

create more employment? NW664E

**Reply:**

The Competition Act sets out a clear ‘public interest’ set of criteria that the competition authorities are expected to apply when considering an application for approval of a merger or acquisition. These criteria include the impact of employment. In addition, other criteria include the impact of a merger on industries and regions, as well as small business and the export performance of South Africa.

When considering a merger, the authorities are also expected to consider the impact the transaction will have on competition in a sector, which may serve as a proxy under certain circumstances, for economic growth.

In undertaking the assessment of mergers and acquisitions, the Commission considers among others, public interest issues such as the impact on smaller businesses and envisaged jobs losses. Where there is a possibility of employment losses from a merger or acquisition, the Commission will typically look to prevent that. In this way, mergers that simply aim to generate efficiencies from shedding labour can be prevented from doing so through conditions aimed at preventing retrenchments. Similarly, mergers and acquisitions may enhance employment by requiring that merging parties create enterprise development funds.

The new Competition Amendment Act, 2018, strengthens the public interest provisions of the legislation that impact employment and economic growth considerations. This is inter alia through the new provisions on economic concentration and market structure; the improved role for the executive on public interest matters; and changes to the prohibited-practices regime that can help to open up markets to new entrants and young entrepreneurs.

**-END-**