



**ADDRESS BY DEPUTY PRESIDENT CYRIL RAMAPHOSA
AT THE 11th ANNUAL COMPETITION LAW, ECONOMICS
AND POLICY CONFERENCE**

**GORDON INSTITUTE OF BUSINESS SCIENCE, JOHANNESBURG
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Premier of Gauteng, Mr David Makhura,
Minister of Economic Development, Mr Ebrahim Patel,
Ministers and senior government officials,
Commissioner Tembinkosi Bonakele,
International guests and speakers,
Ladies and Gentlemen,

Thank you very much for your kind invitation to this, the 11th Annual Competition Law, Economics and Policy Conference. For the last few days some of the best minds from our continent and across the globe have been here deliberating on the future of competition policy.

The discussions at this conference are of great significance to the development of our economy and the transformation of our society.

Even though the issues with which you have been grappling are often unfamiliar to those outside of the field, they nevertheless have a profound impact on the lives of ordinary people, on the poor and the vulnerable.

In a country like South Africa the attitude, conduct and actions of corporate citizens can be decisive in lifting the majority of our people out of poverty. They can reduce inequality or deepen it. They can allow new enterprises to flourish and expand employment, or they can be a barrier to development and innovation. They can strengthen the social fabric, or they can erode it.

When organised cabals steal from public resources and unsuspecting consumers, they break trust, undermine social cohesion and destroy lives. When corporate greed gives rise to price fixing, market division and collusive tendering, governments and citizens alike become poorer. This is not only unfair – it is also unsustainable.

It results in a disproportionate share of economic product accruing to a narrow group of companies and individuals. It reduces the economic contribution of many people, whose talents,



energies and resources would otherwise have been gainfully employed for the greater social good. Anti-competitive behaviour prevents economies from ever realising their potential.

Competition policy in South Africa cannot be limited merely to the promotion of market efficiency – it must be an instrument to effect fundamental economic and social change. From the advent of democracy we have argued that competition policy has a pivotal role to play in redressing the injustices of the past.

It was to underline this imperative that we declared in the Preamble to the Competition Act that:

... apartheid and other discriminatory laws and practices of the past resulted in excessive concentrations of ownership and control within the national economy, inadequate restraints against anticompetitive trade practices, and unjust restrictions on full and free participation in the economy by all South Africans.

and:

That the economy must be open to greater ownership by a greater number of South Africans.

We said that the purpose of the Act is to provide all South Africans with an equal opportunity to participate fairly in the national economy, and to promote employment and advance the social and economic welfare of South Africans. In short, the purpose of the Competition Act is to facilitate economic transformation that is radical, inclusive and sustainable.

As we work together to fundamentally change our economy, we are bound to ask whether – in substance and practice – our policies, laws and institutions sufficiently advance these objectives.

We inherited a racially skewed economy that had a few dominant players. Market dominance in the South African context, therefore, refers not only to specific sectors in which significant market share has been unfairly captured and retained by a few companies, but also to the concentration of ownership and control in the hands of white South Africans, specifically white men. Black South Africans are for the most part excluded from exercising control over the most important economic levers.

We must therefore measure the effectiveness of our competition policy by the extent to which it contributes to undoing the racial and gender dimensions of economic concentration. As Minister



Ebrahim Patel said yesterday, our competition policies should concern themselves not only with the conduct of companies, but also the structure of the market. Where the structures of markets are found to inhibit competition, innovation and new entrants, then we need to have appropriate policy instruments to change the structure.

In recent years South Africa's competition authorities, working together with industry and other public entities, have produced several innovative measures to promote public interest considerations in significant mergers and acquisitions. This has been possible because these authorities have seen their role not merely as regulatory, but also as developmental. It is this same thinking that must inform our approach as we evolve our policies, laws and practices.

We must use the levers at our disposal to facilitate the entry of new black companies into established markets. We must create space for SMMEs in sectors where until now only large companies have flourished. Unless we open up that space, all the resources we invest in small business development will be of little value. Significantly, our competition policies must expand choice and reduce costs for consumers.

As we implement policies to change the structure of our economy, we must at all times be aware of the devastating impact that anti-competitive behaviour has on the lives of our people. We must ensure that our competition law and institutions protect the poor effectively. They must safeguard the dignity and rights of our people.

From the latest *Poverty Trends Report* released last week by Statistics SA, we know that more than half of South Africans live in poverty.

We know that children aged 17 and younger are disproportionately affected. These statistics are devastating – but not nearly as devastating as the lives behind the statistics.

Please indulge me as I recount the story of one such life: that of Sivuyile Sibhozo. In 2015 the social news website *GroundUp* carried an article about the Sibhozo brothers. In part, it read:

When you're 14 years old, your parents normally take care of you. But Sivuyile Sibhozo from Site C Taiwan Informal Settlement in Khayelitsha has been taking care of his brother and grandmother for the past three years.

The 17-year-old lost his mother in 2004 and he and his 15-year-old brother were taken care of by his grandmother Nowatuse.



But last month Nowatuse died, leaving Sivuyile to run the household.

GroundUp visited the boys in their three room shack. The shack is very old, with holes in the wall and roof through which the sky can be seen.

“Sometimes I only manage to make a R10 a day just to put bread on the table,” says Sivuyile.

He dropped out of school in 2012, in Grade 7, and took a job in a construction company in Goodwood.

“It was not an easy decision to take but it had to be taken. I could not just sit and watch my family’s hunger,” he says.

“Sometimes I regret the decision I took to leave school but at that time it was the only solution for me,” says Sivuyile.

“I could not watch my family suffer like that. All the food my grandmother used to buy would not last a month. She was not working and depended on my brother’s foster grant. The money was not enough, we were always in debt and that is why I decided to find a job and help her,” he says.

Sivuyile’s brother, who asked not to be named, says at times he sits at home and hopes that one of the neighbours will come and knock on their door just to offer them food.

He says sometimes he dodges school because of hunger.

Neighbour Noxolo Mafilika, who sometimes gives the boys food, told GroundUp she met the family while Nowatuse was still alive.

“This is a very sad situation. I always know that the food I’m giving them won’t last for long,” she says.

Tragically, the plight of the Sibhozo brothers is not unusual. Their situation, like that of millions of South Africans, is desperate. It is made even more desperate by the actions of companies that collude to keep the price of bread artificially high. When cartels fix the price of a necessity like



bread, poor families are sometimes forced to choose between paying for school transport or starving.

When the costs of telecommunications, including data, are high, small businesses can be forced to close shop or lay off personnel. When the private healthcare system fixes prices for life-saving drugs and overcharges for admissions, individuals and families find themselves compelled to use the already overburdened public health system.

As we deliberate at this conference on the critical issues of competition policy and law, we must remain alert to the indignity of poverty that affects many young South Africans like the Sibhozo brothers. We must refuse to be numbed by it. It is inhumane and unnatural.

Our actions can ease or compound the suffering of young people like them. Competition policy must contribute to the achievement of sustainable livelihoods. As social partners it is our responsibility to confront attitudes and end practices that place the activities of business at odds with the interests of society.

By resisting competition and charging more for products and services, businesses add to the hardships of the ordinary poor. In doing so, they are complicit in perpetuating poverty and deepening inequality. As social partners, we share a determination and commitment to develop our economy, eradicate poverty and fundamentally transform our society.

We look to you, the delegates to this conference, to give us the means to do so.

I thank you.

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