

Labour Research Service

From: Nowetu Mpati <nowetu@cosatu.org.za>
 To: Multiple recipients of list <cospress@lists.sn.apc.org>
 Subject: COSATU/ NEW COMPETITION LEGISLATION
 Date: 21 May 1998 12:03

COSATU PRESS STATEMENT ON NEW COMPETITION LEGISLATION

21 MAY 1998

COSATU rejects with contempt business complaints about the new competition legislation.

Business complains that the legislation will too easily trigger the breaking up of large business entities, which abuse their dominance. Business's rejection of a role for ministerial discretion in the regulation of mergers, reveal both an unrepentant arrogance about South Africa's past and a marked misunderstanding of the challenges which our economy faces in the present and future.

Throughout the negotiations at NEDLAC, COSATU has argued in line with the commitment made in the Reconstruction and Development Programme that government needs to introduce "strict anti-trust legislation". Competition policy should be informed by the need to break up apartheid era monopolies and concentrations, built up during a time of systematic exclusion and race privilege.

COSATU's view is that given this background one of the explicit objectives of the legislation should be the regulation and erosion of inherited corporate power.

COSATU supports the fact that the legislation provides for the forced breaking up of conglomerates that abuse their dominant position, for example through charging excessive prices or through limiting output, production or technological development. In fact, we have proposed in the NEDLAC process that these provisions should be strengthened so that in the event of an abuse of dominance forced divestiture should apply unless it is a firm's first offence and there is another appropriate remedy provided for in the Act.

Another key issue for COSATU is that, given South Africa's unemployment crisis and as we approach the Presidential Job Summit, it would be important for policy consistency that the proposed competition legislation should include mechanisms to minimise and avoid job losses.

In the regulation of mergers by the competition authorities and in the practice of the Minister's discretion in the public interest review the minimisation and avoidance of job loss must be prioritised.

Business's rejection of the minister's review powers - which enable the Minister to block a merger on the basis of its employment implications or where it is necessary to protect national industry from predatory behavior - is revealing. It reveals business's insensitivity to South Africa's unemployment problem and their misunderstanding of the types of mechanisms which are needed in order to protect South African interests in our engagement with the globalising world economy.

Business's allegation that the ministerial review will create an environment for corruption only reveals organised business's distrust in the new political order. While most people would like to see an increase in government's powers at protecting jobs and developing the economy, business want to see a reduction in government power so that no one will be in a position to interfere in their own selfish and short-run interests.

COSATU notes that even though the new Competition legislation has been a long time coming, there has been over the past months a lot of pressure from government for a speedy resolution of issues at NEDLAC and much of the discussions have been extremely technical. It is important that in the months that there be increased popular participation on the issue.

The people who stand to benefit most from the law, being the vast majority of South Africa's consumers, workers and new entrepreneurs should be empowered to participate in its final formulation. COSATU intends participating actively in advancing our views in all forthcoming public participation and parliamentary processes.

Nowetu Mpati
COSATU Head of Communications

Tel: + 27 + 11 + 339-4911
Fax: + 27 + 11 + 339-2281
E-mail: nowetu@cosatu.org.za

@@@@@@@@@@@@@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@
@ @ Visit the COSATU Web site at: @
@ @ http://www.cosatu.org.za @
@ @ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@ @@@@