

Comments by Minister of Trade, Industry and Competition, Mr Ebrahim Patel, to the press on the issuance of COVID-19 National Disaster Regulations and Directions, 19 March 2020.

The effects of COVID-19 on the economy is being closely watched. It will have an effect on GDP but our key concern now is to save lives and ensure we minimise the economic costs. After we have defeated the virus, we will all need to work together to rebuild the economy.

We have been in discussion with the private sector and organised labour to get broad support for Government's actions and to mobilise their resources to complement and strengthen our efforts. The discussions have been positive and across many sectors of the economy, we received pledges of support and partnership.

Over the past few days, we have through the National Department of Health, engaged the private healthcare industry to become part of Government's coordinated efforts to fight the virus. In order to facilitate discussions solely for the purpose of fighting the virus and as part of the national health efforts coordinated by the National Department of Health, we have been looking at the competition legislation and what exemptions may be required.

Today, we published a Regulation that deals with the health sector, and it will permit private healthcare providers to coordinate their actions as part of the National Department of Health efforts, including sharing of facilities and beds, medical supplies, nurses and doctors between different companies and with Government.

These will cover:

- Hospitals and Healthcare facilities;
- medical suppliers;
- medical specialists and radiologists;
- pathologists and laboratories;
- pharmacies; and
- healthcare funders.

This has been done under the new provisions of section 10(10) of the Competition Amendment Act, approved by Parliament in 2018 and signed into law last year.

Second, we are working with retailers and large food producers to ensure that the supply-chain remains strong and that basic goods are available to consumers. Factories have reported that their production is stable and farmers have promised a bumper maize crop.

We have seen a spike in stock-piling earlier this week in some retail outlets that has tapered off somewhat yesterday. At the same time, there is anecdotal evidence of price spikes in areas such as face masks and hand-sanitisers.

We are appreciative that the vast majority of South Africans have not rushed to the stores and have remained calm.

Working with retailers in the past few days, all major retailers have now put limits on at least some products in their stores. This has helped to calm panic buying. There has also been excellent cooperation from the retailers with government. They have committed to help us ensure that there are no unjustified price increases in this period. The retail groups include Shoprite-Checkers, Pick 'n Pay, Woolworths, Spar, Game, Dion, Makro, Clicks and Diskem.

Today we issue Directions under the Disaster Management Act and regulations under both the Competition Act and Consumer Protection Act, dealing with pricing and supply matters during the national disaster to ensure that we do not have unjustified price hikes or stock-piling of goods. We are doing so in order to protect consumers and ensure fairness and promote social solidarity in this period.

The regulations and directions provide for the following:

On prices:

- Price rises may not exceed the increase in the costs of the raw materials or inputs and profit levels should not be hiked higher than the period prior to the outbreak of COVID-19
- The regulations cover the full supply-chain and will limit price increases of suppliers in similar fashion.

On stock-piling:

- All retailers must take steps to limit the quantity of goods sold to any individual consumer; and a list of basic products will be covered.
- Retailers must take steps to maintain adequate stocks of basic goods during this period, including for weekends and month-end shopping.
- There are also provisions to ensure that wholesalers take steps to ensure that there is no stock-piling at the cash-and-carries.

The Regulations and Directions are based in the first instance on a partnership model that requires retailers and wholesalers to take prudent and responsible steps. The regulations and Directions will also allow Government to take firmer measures if they become necessary, including setting limits on individual products. We do not believe this will be necessary immediately as we expect that by working together with business and our people, we can contain prices and limit stock-piling.

I want to point out that breaches of the Regulations can have serious consequences. Some of the penalties in the relevant legislation include penalties of up to R1 million, or penalties up to 10% of a company's turnover, or jail sentences of up to one year. We do not want to invoke any of these as the best approach is one of partnership and we welcome the solidarity and positive response from our people in the past few days. But the regulators are ready to act.

Commissioner Tembinkosi Bonakele, head of the Competition Commission, and Commissioner Thezi Mabuza, head of the National Consumer Commission are here today. The two regulators are available to clarify the provisions.

From today, the National Consumer Commission will have a toll-free hotline that can be used to report price spikes and unjustified price increases. The number is 0800-014-880. The number will be available on the NCC website.

Copies of the Regulations and Directions will be forwarded to the media this afternoon.

Thank you!

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