15 June 2015

The Competition Commission has published draft terms of reference for an inquiry into the general state of competition in the grocery retail sector. The stated purpose of the inquiry is to examine whether there are features in the grocery retail sector that lessen, prevent or distort competition. The scope of the market inquiry is expected to cover six major areas:

- The impact of the expansion, diversification and consolidation of national supermarket chains on small and independent retailers.
- The impact of long-term exclusive leases on competition in the sector.
- The dynamics of competition between local and foreign owned small and independent retailers.
- The impact of regulations, including *inter alia* municipal town planning and by-laws on small and independent retailers.
- The impact of buyer groups on small and independent retailers.
- The impact of certain identified value chains on the operations of small and independent retailers.

The Commission has indicated that the market inquiry may also probe the following:

- Competition dynamics in the grocery retail sector including pricing practices, extent of consumer choice and innovation.
- The impact of franchised retailers on small and independent retailers in townships, peri-urban areas, rural areas and the informal economy.
- The causes and impact of the decline in small and independent retailers in townships, peri-urban areas, rural areas and the informal economy.

The Commission has called for comment on the terms of reference, which can be submitted up to 5 July 2015.

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