

Competition Block Exemptions for the Security of Supply of Essential Goods

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19 Jul 2021

On 15 July 2021, the Minister of Trade, Industry and Competition issued Block Exemptions for the Security of Supply of Essential Goods (Government Gazette No.44854) (the Essential Goods Exemption) - in effect from 15 July 2021 until 15 August 2021 (unless withdrawn or extended by further notice).



Source: Photo by RF_._studio from [Pexels](#)

The purpose of the Essential Goods Exemption is to allow certain forms of concerted conduct that may otherwise be prohibited under the Competition Act (in particular, section 4 which prohibits conduct amongst competitors and section 5, which prohibits conduct between suppliers and customers).

The Essential Goods Exemption applies to a category of agreements or practices amongst firms in the value chain (i.e. production, distribution and retail) in response to disruptions to the supply chains of essential goods within the country, solely for the purpose of:

- preventing critical shortages of essential goods within the country; and
- promoting the equitable distribution of scarce essential goods across the country to consumers, especially poorer households, and customers, including small businesses.



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Essential goods have been defined as food and consumer items, emergency products, medical and hygiene supplies (including pharmaceutical products), refined petroleum products and emergency clean-up products.

Importantly, essential goods suppliers must notify the Department of Trade, Industry and Competition and the Competition Commission of actual or anticipated shortages and the need to engage in such practices. The category of agreements or practices exempted broadly relate to:

- Communication regarding the loss of stock or capacity, the availability of stock, and the extent of demand for essential goods
- Coordination in relation to the allocation of inputs across producers and the distribution of essential goods to reduce shortages, as well as measures that may expand stock or capacity



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The Essential Goods Exemption does not exempt price-fixing and collusive tendering in respect of essential goods and inputs used in the production of essential goods or authorise any discussion of the pricing of essential goods and the pricing of inputs used in the production of essential goods.

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