

SA's Walmart deal 'set Brics standard'

By [Nompumelelo Magwaza](#)

16 Nov 2015

DURBAN - The Walmart-Massmart deal remains a benchmark in how multinational corporations should be treated in the developing world, says Economic Development Minister Ebrahim Patel.



Economic Development Minister Ebrahim Patel.

Image source: [Sunday Times](#)

Walmart's entry into the South African market in 2011 prompted initial opposition from three government departments and the South African Commercial, Catering and Allied Workers Union.

The government and union groups argued that the entry of the world's largest retailer in SA would lead to an increase in cheap imports, to the detriment of local suppliers, which could potentially lead to job losses.

Yet Walmart's takeover of the owner of Game and Makro in a R171bn transaction was also used by many companies to gauge SA's reaction to foreign investment.

Speaking at the Fourth Brics International Competition Conference in Durban yesterday, Patel said the R100m supplier development fund imposed on Walmart as a merger condition attracted the attention of many countries, including the US.

"We concluded that the entry of Walmart to our country has the effect of damaging employment and lowering the capacity of local companies to supply and that is why we had to come up with the Supplier Development Fund programme," said Mr Patel.

The members of Brics - Brazil, Russia, India, China and SA - are investigating common ground on the handling of anticompetitive practices and cartel activities by multinational corporations in developing countries.

The Brics countries were looking at formulating a memorandum of understanding to enhance cooperation on competition issues.

Patel said: "Most of the countries in Brics are dealing with cement and pharmaceutical cartels similar to us.

"We are learning from each other. We have been talking to Russia on how they are dealing with cartels and we want the price of cement to come down. These are some of the technicalities we are discussing and deliberating on."

The commissioner of the South African Competition Commission, Tembinkosi Bonakele, said the formulation of a memorandum of understanding between the five countries was at a very advanced stage. "It will mean that Brics countries will commit to co-operate with each other and share information about developments in their own countries," he said. "It will also mean that we will be able to talk to each about certain cases."

Igor Artemiev, the head of the Federal Antimonopoly Service of Russia, said support from Brics countries in dealing with multinational corporations was necessary but should not limit global trade.

SL Bunker, a member of the Competition Commission of India, said he did not foresee Brics setting up a tribunal on competition any time soon, but that this did not mean that members would not talk about issues affecting them.

Source: Business Day

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