

Commission signs consent agreement with PnP to stop exclusive leases

The Competition Commission has signed a consent agreement with Pick n Pay to eliminate exclusive leases in shopping malls in compliance with the recommendations of the Grocery Retail Market Inquiry (GRMI). The agreement has been referred to the Competition Tribunal for confirmation.



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In its final report, the GRMI found that long-term exclusive lease agreements are widely prevalent in the grocery retail sector and give rise to customer harm as they limit consumer choice and reduced competition within shopping centres. Furthermore, it was found that such agreements prevent the participation of SMEs and historically disadvantaged persons in the grocery retail sector.

In line with this, Pick n Pay (including all its grocery retailing brands such as Boxer) has undertaken to do the following:

- waive exclusivity against small and independent grocery retailers, speciality and limited line stores in all shopping centres with immediate effect;
- waive exclusivity against supermarkets owned and controlled by historically disadvantaged persons, including independent franchisees or members of buyer groups, in all shopping centres with immediate effect;
- phase out exclusivity against other supermarket chains over six years ending 31 December 2026; and
- not sign any new lease agreements that contain exclusivity clauses.



PnP won't enforce exclusive lease agreements against smaller retailers

12 May 2020



Pick n Pay also undertook that within a period of 12 months it will seek to secure the agreement of its franchisees to cease the enforcement of exclusivity provisions in their lease agreements as well as ensure that they do not sign any new lease agreements that contain exclusivity clauses.

The Pick n Pay agreement follows the confirmation of a [consent agreement with the Shoprite Group](#) to end exclusive leases

last week and represents a significant step towards the elimination of this practice in the grocery retail sector of the economy.



Shoprite signs consent agreement with Competition Commission

13 Oct 2020



"The agreement reached with Pick n Pay is a further significant step in removing barriers to entry and participation for SMMEs and historically disadvantaged individuals in the South African grocery retail sector. The immediate removal of these barriers is critical in light of the need to rebuild the economy and set it on a sustainable and inclusive growth path.

"The increase in choice as a result of this agreement is not only good for consumers but also the retail property sector as tenant diversity in shopping centres allows for a more stable and commercially sustainable environment," said Competition Commissioner Tembinkosi Bonakele.



Call for SA's major supermarkets to drop exclusive leases with malls

27 Nov 2019



Speaking at Pick n Pay's interim results presentation this week, chairman Gareth Ackerman, said, "While we did not agree with every part of the Commission's report, we are happy to take any opportunity to encourage the success of new and small businesses, and hasten the pace of transformation.

He added, "We do not agree with the Commission that exclusive leases inhibit competition. But exclusivity is a diminishing feature of the market, and it is right to bring an end to the debate on this subject so that we can all focus on the work that will need to be done. We all need to stimulate enterprise and create jobs after the devastation wreaked by Covid-19."

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