

Out of the fire, into the frying pan for Shoprite

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One of SA's biggest grocers, Shoprite, told *I-Net Bridge/BusinessLIVE* on Tuesday, 29 March 2011, that as far as it was aware there was never a formal investigation by Zambian competition authorities regarding allegations that it was threatening to delist its suppliers who entered into agreements with Pick n Pay.

The retailer was responding to news reports claiming that the probe had concluded and the retailer did not in fact abuse its market position as claimed by the complainant.

However, late last year, Chilufya Sampa, the director of mergers and monopolies at the Zambian Competition Commission, confirmed to *I-Net Bridge/BusinessLIVE* that an investigation had definitely begun following complaints lodged with the commission and further probing of information received.

"We have definitely contacted Shoprite regarding the investigation," he said.

At the time, Pick n Pay said it would co-operate with the competitions authorities in Zambia regarding the investigation. The group on Monday announced that it had opened its second store in Zambia, in line with its blazing African expansion plan.

Among SA's big retailers, Pick n Pay has the smallest portfolio outside of SA, while Shoprite has the largest African presence, with 18 stores in Zambia alone. Shoprite also trades in Angola, Botswana, Ghana, Lesotho, Madagascar, Nigeria, Zambia and Namibia.

If Shoprite had been found guilty of the allegations, it could have faced a penalty of up to 10% of its annual local turnover.

Meanwhile, 3,000 of the retailer's workers in Zambia have taken to protesting as a result of work conditions and the non-availability of a pension scheme.

As strikes entered their second day on Tuesday, union officials said talks between the government, Shoprite and the unions had so far failed.

Shoprite on Tuesday declined to comment on the matter, saying only: "It is an internal employee matter."

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