

# Government spent R4.1m to oppose Wal-Mart merger

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Government's review application against the R16.5 billion Wal-Mart/Massmart merger cost it R4.1 million, says Economic Development Minister Ebrahim Patel.

Patel refused to say what the application would cost the three departments of Agriculture, Forestry and Fisheries, Trade & Industry, and Economic Development when the court handed down its judgment in early March.

He has now said the legal costs would be split equally between the departments.

The finding of the court was that the merger should go ahead but with a task team consisting of one representative each from government, labour and Wal-Mart to report back on the impact of the merger and how it could help smaller manufacturers in SA. The team has to deliver its report to the court in June.

Trade union Saccawu applied to have the merger overturned completely, while government's application was to have more stringent conditions set on the entry of the powerful US retailer into the local market.

In a reply to a Democratic Alliance (DA) Parliamentary question on Tuesday, Patel defended government's actions, saying that as a result of government's application, the court found the conditions that were imposed by the Competition Tribunal had not been sufficiently interrogated in the process.

The major condition prescribed by the Competition Tribunal was the establishment by Wal-Mart of a R100 million supplier fund.

Patel said the legal costs included the fees for the appointment of senior counsel, junior counsel, an expert economist on competition, a team of attorneys specialising in competition law and other disbursements incidental thereto.

"The costs related to government's participation in the review and appeal proceedings before the CAC, should therefore be viewed in the context of the significant outcomes which have been achieved for the public in this matter," Patel said in his reply.

Government has drawn some heavy criticism for going ahead with the appeal.

Former Competition Tribunal chairman David Lewis said government actions had not been "an edifying process" as it had not strengthened the hand of the competition authorities, but had rather shoved them back into the apartheid years when

deals were made behind closed doors in "smoked-filled rooms".

DA economic development spokesperson Kenneth Mbau said Patel's reply indicated that government's appeal was a costly miscalculation.

"Wasting millions on appealing against foreign investment is counter-productive," Mbau said.

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