



competition commission
south africa

Media Statement

For Immediate Release

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A NATIONAL PHARMACEUTICAL WHOLESALE DISTRIBUTOR AND RETAILER CHARGED FOR INFLATING PRICES DURING COVID-19 DISASTER

Today the Competition Commission referred to the Competition Tribunal for prosecution a national wholesale distributor and retailer of pharmaceutical products, Dis-Chem Pharmacies Limited (Dis-Chem), for excessive pricing during the State of National Disaster as declared by President Cyril Ramaphosa.

This referral follows an investigation by the Commission which found that that Dis-Chem has charged excessive prices on essential hygienic goods to the detriment of customers and consumers in contravention of Section 8(1)(a) of the Competition Act.

These essential items are surgical face masks blue 50PC, surgical face masks 5PC and surgical face masks folio dress blue. From at least 28 March 2020, the Commission received several complaints from the public against several retail stores owned by Dis-Chem for engaging in excessive pricing of face masks, specifically dusk and surgical masks.

Subsequently the Commission established that, prior to the declaration of a national state of disaster, Dis-Chem was selling the three types of masks, namely, surgical face masks blue 50PC, surgical face masks 5PC and surgical face masks foliodress blue at far lower prices.

For surgical face mask blue 50PC, the average price was inflated from R43.47 (excl VAT) per unit (50 masks) in February 2020 to R156.95 (excl VAT) per unit (50 masks) in March 2020, a price increase of 261%.

The surgical face masks 5PC, the average price increased from R13.27 (excl VAT) per unit (5 masks) in February 2020 to R19.03 (excl VAT) per unit (5 masks) in March 2020, a price increase of 43%.

Dis-Chem's input costs with regards to the surgical face masks foliodress blue did not increase but their gross profit margins inflated from 20% in February 2020 to 45% in March 2020.

"People who sell these essential products ought to appreciate that these are literally life saving items right now. They shouldn't be exploitative and take advantage of cash strapped consumers during the worst time in our history. We will spare no effort in protecting the consumer," says Competition Commissioner Bonakele.

The Commission has asked the Tribunal to impose a maximum penalty against Dis-Chem.

[ENDS]

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