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DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5716 **19 December 2024**

competitioncommission
south africa

PUBLICATION OF THE GUIDELINES IN TERMS OF SECTION 21A OF THE COMPETITION ACT 89 OF 1998 (AS AMENDED)

5 December 2025

1. BACKGROUND

Notice is hereby given that the Competition Commission ("the Commission") has published the Price-cost Margin Calculations Draft Guidelines on its website and is gazetted in terms of section 21A (3) of the Competition Act, 89 of 1998, as amended ("the Act").

The guidelines seek to provide guidance on how the Commission intends to undertake the calculations of the price-cost margin test, where the price-cost test is used to assess excessive pricing allegations as enjoined by section 8(3)(a) of the Act. Section 8(3)(a) of the Act, the Commission is required to determine whether that price is higher than a competitive price and whether such difference is reasonable by taking into account all relevant factors which may include the respondent's price-cost margin, internal rate of return, return on capital invested or profit history. The price-cost margin is one of the factors that the Commission may consider in assessing whether a price is excessive. The draft guidelines consider aspects related to the computation of the price-cost margin test but do not discuss the reasonableness of the price-cost margins.

2. INVITATION TO COMMENT

The public is invited to submit comments on these draft guidelines by 16h00 on 30 January 2025. Written submissions can be sent to PriceCost@compcom.co.za.
All submissions will be reviewed, and a final guideline published by the Commission.

The draft Price-cost Margin Calculations Guideline is available at https://www.compcom.co.za.

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