

Minister Ebrahim Patel: Government's intervention measures on Coronavirus

24 Mar 2020

Media briefing – Remarks by Minister of Trade, Industry and Competition Ebrahim Patel. Tues 24 March 2020

The address by the President last night recognised that saving lives must be the priority and we need to draw on all our resources in the economy and within each of the major economic players to come through this with as little damage.

Across the world, more countries are now doing lockdowns and we want to ensure that it is managed in strong partnership with our people, with large and small businesses, with workers and with consumers.

Last night, the President identified a number of key interventions. Over the next few days, we will release more information as we finalise programmes and interventions.

IDC facility

The President announced that the IDC has put a package together with the Department of Trade, Industry and Competition of more than R3 billion for industrial funding to address the situation of vulnerable firms and to fast-track financing for companies critical to our efforts to fight the virus and its economic impact.

This facility will be available to South African owned businesses.

It is important that industry does not come to a standstill and therefore the Industrial Development Corporation (IDC) is responding to sector challenges that arise from this crisis whether these are surges in demand or those industries that are facing distress.

We have made two special interventions:

- R500 million has been allocated for trade finance to import essential medical products;
- R700 million has been allocated for working capital and equipment and machinery
- In addition to this, the IDC is engaging industry players to address surges in demand
- Ensuring food security by prioritizing support to Agriculture and food value chains
- Tourism sector support for working capital
- Bridging finance to support supply chain interruptions
- Working capital to ensure energy security by supporting suppliers of primary energy
- Working capital and Bridging Finance to SMEs that provide components to car-makers

In addition to the above, IDC has made available a capital allocation of R3 billion in the next quarter to support businesses during this crisis.

Essential services that fall outside of normal IDC sectors will be considered, as a measure we have now introduced during this period.

For existing clients, IDC is already in contact with its business partners to consider repayment deferments on a case-by-case basis.

Price increases - Consumer and Competition investigations into pricing of products

Last week we published a list of 22 critical products and categories which the National Consumer and Competition Commission will be monitoring closely to ensure that there are no unjustified price increases.

These include basic food items (like Rice, Maize meal, Milk, Canned Vegetables and Meats), Personal Care products (like Toilet paper, Baby formula and nappies), Hygiene products (like disinfectant, hand sanitiser, and cleaning agents) and key medical supplies (like surgical masks and gloves).

The Consumer and Competition Commissions are investigating 11 firms who have been found to be selling products like face-masks, hand sanitisers and other products, for high prices and abusing the situation. More firms are being investigated and prosecutions will follow.

These 11 firms which the regulators are investigating have been brought to the attention of the authorities by ordinary consumers. The National Consumer Commission has established a toll-free hotline (0800-014-880) and are also reachable on social media through Twitter (@NCC_COVID19).

Consumers can report unjustified price increases on any of these 22 products and other key products to the National Consumer Commission, and we encourage you to do.

Competition exemptions for banks and for retail

On Friday, we issued an exemption to banks under the Competition Act to coordinate on measures which can be used to support businesses and ordinary citizens during this period. It has been published in the Government Gazette yesterday.

The exemptions will allow South African banks to work together to devise programmes and relief measures which can help small businesses and consumers through these financial and economic challenges. In particular, the exemptions will enable banks to coordinate in respect of:

- payment holidays and debt relief for business and individual citizens subject to financial stress.
- limitations set on asset repossessions of business and individual citizens subject to financial stress.

- the extension of credit lines to individuals and businesses subject to financial stress.

The exemptions will allow banks to work together in ensuring continued functioning of the payments system, a critical component of the financial system. This includes sharing information and resources to ensure the continued availability of bank notes to ATMs, branches and businesses.

The COVID-19 National Disaster will put strain on our economy, including small business owners and ordinary citizens. With the Minister of Finance, we have been engaging the banking sector to work together in finding solutions and providing relief packages which will ease the burden on ordinary South African citizens, workers and business owners.

This is a time for all us to pull together as corporate and ordinary citizens to ensure that our people and economy come through this challenge with their lives, their jobs, their businesses, their livelihoods and their property intact. These banking exemptions are a critical step in ensuring an appropriate regulatory environment to do this work.

Essential services

Last night President Ramaphosa announced that companies that are essential to the production and transportation of food, basic goods and medical supplies will remain open during the 21-day “lockdown”. This means that essential personnel required for the continued functioning of these companies during the “lockdown” will be exempted from the stay-home provisions.

We will be publishing further guidelines tomorrow, ahead of the “lockdown”, which begins on Thursday evening just after midnight, in other words, the lockdown will come into effect the whole of Friday and beyond.

I can make a few preliminary comments now, with more detail to come in the coming days.

Grocery stores, supermarkets, and spaza shops will remain open during the “lockdown”.

We call on our people to limit the trips to shopping centres for the purpose of shopping for food and basic goods only, and not to gather in shopping malls.

Pharmacies will remain open during the “lockdown”. Healthcare professionals providing essential services to the public will be open as well.

All essential items – food and beverages, medical supplies, personal products, hygiene products, cleaning products – will remain available through the lockdown and the period of the national disaster. This means that all businesses essential for the production and distribution of these essential items will be allowed to remain in operation during the “lockdown”.

Businesses which remain in operation during the “lockdown” will be required to do so with all the staff required to ensure that the service or production is uninterrupted.

Businesses will also be required to take necessary protocols to ensure adequate hygiene and social distancing.

Consumer-facing businesses, like grocery stores, supermarkets, pharmacies and spaza shops, especially, will be asked to educate their staff and customers on the required protocols and to take reasonable steps to keep social distancing between customers.

There are a number of categories of essential services that due to time-constraints, the President could not mention yesterday.

These include essential staff in the following areas that are being looked at for inclusion in the Gazetted list:

- those responsible for essential care of the elderly and sick persons, including home-care and old-age homes
- essential private security services for the protection of property and persons
- All essential back-office services to enable salary and human resource departments to work so as to ensure smooth management of wage and salary payments
- essential animal welfare and emergency veterinary services
- those who assist in transporting food and other essentials to people's homes including on-line retail, as well as transport systems that support any of the essential services
- key maintenance systems required at workplaces to avoid serious damage to economic assets, where the interruption of that service will destroy critical working areas, factories or machinery.
- Members of Parliament, Provincial legislatures, Municipal councils and their core staff, as well as government departments and public entities' staff responsible to assist with implementation of the measures announced by the President, as they will all need to be working to make the country safe;
- members of the media and broadcasting services, who will serve as a vital communication between ourselves and the public.
- Transportation of fuel, food and basic goods supply trucks between SADC countries

During the lockdown, we strongly encourage all companies whose employees are able to work from home, to make the necessary arrangements for them to do so, as we need to maintain as much of the economic activity as we can during this critical period, so that we generate resources to finance the measures that we are undertaking.

The sooner we slow the spread of the disease, the sooner we can return to normal life and normal business. While some of may be exempt from the "lockdown" because the nature of our work, none of us are exempt from susceptibility of the virus.

Supply-chains and securing basic supplies

A number of businesses are essential services and will remain open during this period. We will publish further details and add specific businesses to the list as required.

While the limit of 100 people does not apply to essential services, we will still need all the affected businesses to take steps to protect workers through social distancing and public hygiene measures.

I am working with the Minister of Police and the Minister of Employment and Labour to ensure that police offices and health inspectors are well-briefed on the kinds of businesses which should be allowed to continue with larger numbers of people.

These include supermarkets, food production facilities, and farms.

These businesses, must however, take all necessary precautions to ensure adequate social distancing amongst customers and staff, and to educate staff on the appropriate hygiene protocols to counteract the spread of COVID-19. Where staff are not critical to the functioning of the operation, we encourage employers to allow those staff members to stay at home.

The steps that companies must take include:

- Providing hand sanitisers at workplaces, as people enter, at key workstations and when they leave
- Managing clocking arrangements and canteen facilities and scheduling of work breaks, to limit the level of social interaction
- Disinfecting work surfaces that workers are exposed to

We are going into the month-end period where the numbers of South Africans in grocery stores and supermarkets naturally increases. We are working with major grocery retailers to ensure that there are appropriate protocols to ensure social distancing, and that their shelves remain well-stocked.

We appeal to all our people to remain calm and to buy only what they need for their immediate requirements. We are keeping the full food supply-chain open, from farms and fisheries, to factories, transport systems and shops, so that we can have food available in this period and beyond. This is a moment to show our caring for each other and to resist any effort to score from the crisis.

Shopping mall tenants

A number of shops and other businesses in shopping malls have already seen a decline in their turnover. They face significant fixed costs, including rents and costs specified in leases.

We will publish a special Gazette today, to enable tenants who are competitors to meet and to reach agreements with shopping mall owners and to address matters such as

- Payment holidays or rental discounts and
- Limitations on evictions.

These initially cover three categories of retailers, being:

- Personal care functions
- Restaurants and
- Clothing, footwear and home-textile shops.

These categories will be expanded as required in the next few days.

Solidarity Fund

Last night President Cyril Ramaphosa announced the creation of the Solidarity Response Fund. The Solidarity Response Fund is designed to unite the nation and to accelerate the country's response to COVID-19.

The Focus of the fund is to alleviate the suffering and distress caused by the virus to our country and will mobilise the support of business and civil society in support of government's efforts in response to COVID-19.

Government has made an initial R150 million available as seed funding and a number of businesses will be contributing within the next few days. R100m of this is from National Treasury; and R50m from the National Lotteries.

The Chairperson of the Fund is Ms Gloria Serobe and the Vice Chairperson is Mr Adrian Enthoven. The Fund will be independently administered and transparently governed through an independent board to ensure that the funds are effectively and efficiently used to combat COVID-19.

The fund will be a rapid response vehicle through which contributions from citizens, communities, business and international donors can be pooled together to primarily fund four key initiatives:

- Prevent: preventative and supporting measures to “flatten the curve” by lowering infection rates
- Detect: detect and understand the magnitude of the infection problem
- Care: assist with the management of those people in hospital or medical care
- Support: support those people whose lives are disrupted by COVID-19.

Organized business is assisting with the initial formation of the Fund and thereafter the Board which is being appointed will take full responsibility for the fund and its activities.

Details on how to donate will be available on the Fund's website www.solidarityfund.co.za

Trade with neighbours.

We will take all steps to keep open trade links with neighbours to ensure that we have food-supply across the region and that we come through this together as neighbours. The controls on movement of people will not affect the movement of goods across borders with our neighbours. Thank you!

Enquiries:
Sidwell Medupe
Departmental Spokesperson
Department of Trade and Industry
Tel: 012 394 1650
Cell: 079 492 1774
E-mail: MSMedupe@thedti.gov.za

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