

Shoprite given extension to phase out exclusive leases by 2026

On Wednesday, the Competition Tribunal (Tribunal) granted Shoprite an equal timeframe as its competitor, Pick n Pay, to gradually eliminate contentious exclusive lease agreements.



Source: www.unsplash.com

But the Tribunal rejected the remaining requested modifications put forth by the retailer, citing Shoprite's failure to present a compelling case.

According to [reports](#) the decision follows a prior judgment that exclusivity clauses in lease agreements would no longer hold legal weight against small and independent retailers.

But in December, the retail giant applied to the Tribunal to change its consent agreement on phasing out exclusive leases. Shoprite said it wants the same deal given to Pick n Pay which it argued was more favourable because it had until 2026 to phase out exclusive leases.



Commission signs consent agreement with PnP to stop exclusive leases

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In 2019, the Competition Commission (the Commission) released the *Grocery Retail Market Inquiry* (GRMI) report, which said exclusive lease agreements are against fair competition and economic inclusion.

As the initial retailer to enter into a voluntary agreement with the commission, Shoprite was required to eliminate exclusive leases by the conclusion of 2024.

Furthermore, [Shoprite](#) expressed concern over Pick n Pay's freedom to expand into non-urban regions, where Shoprite had traditionally established a solid presence, while its own urban expansion had been restricted.

Shoprite contended that it was essentially being penalised for expanding into non-urban areas in order to fulfill the vital task of "feeding the nation."

In rebuttal the Tribunal stated that Shoprite had not presented a "convincing case" to align its consent agreement with Pick n Pay's regarding the non-urban matter, as doing so would not serve the public interest.

It said Shoprite's substantial presence in non-urban areas is because consumers with lower incomes had "limited options" available to them.

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