Concentration and Markups in South African Manufacturing

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Motivation

I Previous Findings
  I Markups higher than rest of the world
    I Fedderke, Kularatne, and Mariotti (2007)
    I Aghion, Braun, Fedderke (2008)
    I Aghion, Fedderke, Howitt and Viegi (2013)
  I Markups low and NOT significantly different from rest of the world
    I Zalk (2014)
    I Gilbert and Du Plessis (2015)

I Why does it matter?
  I Productivity growth impact

I Q: Which is true?
### Markups 1

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2010 - 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Markups</td>
<td>0.60</td>
<td>0.38</td>
<td>1.13</td>
<td>0.8</td>
</tr>
</tbody>
</table>

**Figure:** Markups Comparison 1995-04 v 2010-12
Markups 2

Figure: Difference in Average Markups- Finland v South Africa
Concentration Ratios 1

**Figure:** Change in Concentration Ratio in Percentage Points: 1996 - 2010/2011/2012
Concentration Ratios 2

Figure: Difference in HHI South Africa vs US - 2012
## Potential Explanations

<table>
<thead>
<tr>
<th>NO</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentration</td>
<td>Small Firms</td>
</tr>
<tr>
<td>Big Firms</td>
<td>Barriers to Entry</td>
</tr>
<tr>
<td>Skills Distribution</td>
<td></td>
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<tr>
<td>Absence of Entry</td>
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1. Q. Is competition policy focused correctly?