

Concentration and Markups in South African Manufacturing

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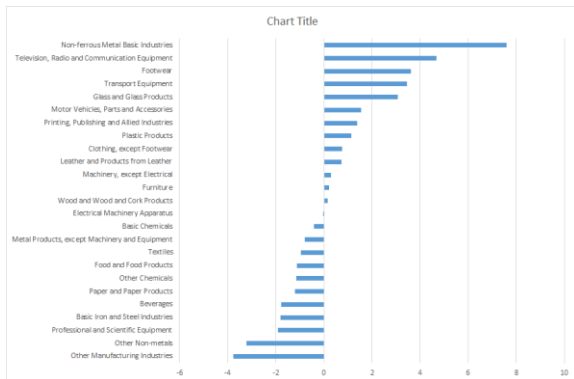
Motivation

- 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 Viegli (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

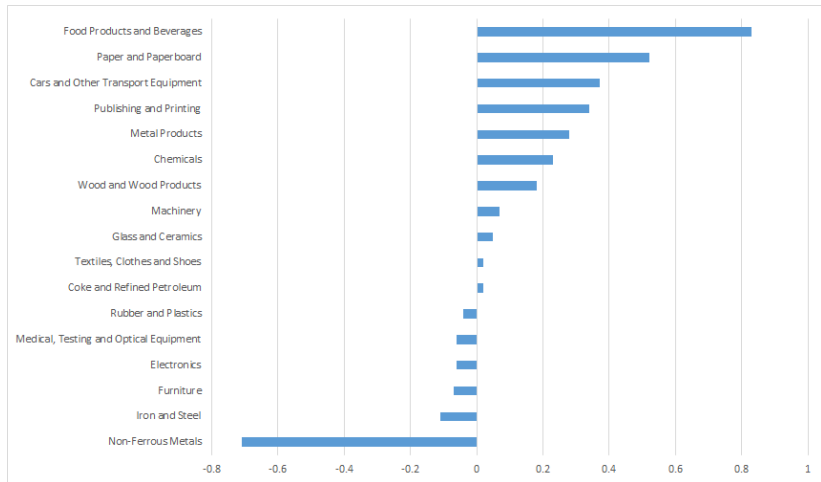
	2010	2011	2012	2010 - 2012
Average Markups	0.60	0.38	1.13	0.8

Figure: Markups Comparison 1995-04 v 2010-12



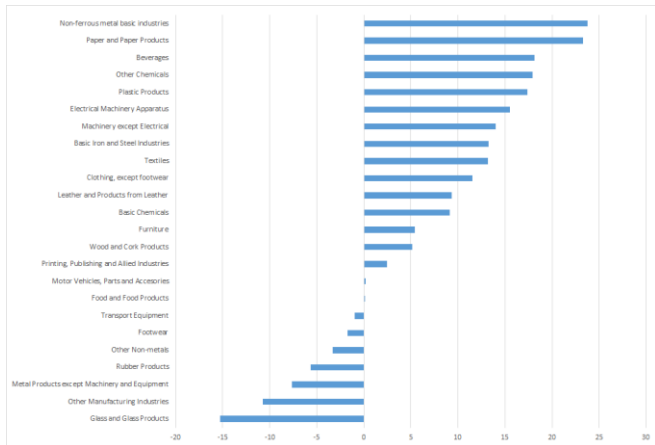
Markups 2

Figure: Difference in Average Markups- Finland v South Africa



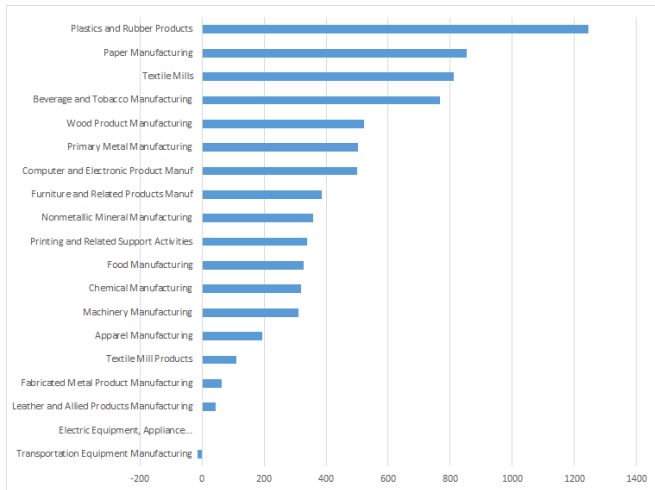
Concentration Ratios 1

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

NO	YES
Concentration	Small Firms
Big Firms	Barriers to Entry
Skills Distribution	
Absence of Entry	

- 1 Q. Is competition policy focused correctly?