

S.Africa to examine impact of Wal-Mart deal

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CAPE TOWN (Reuters) - South Africa has set up a panel to investigate the economic impact of Wal-Mart's bid for domestic retailer Massmart, Economic Development Minister Ebrahim Patel said on Monday.

Patel, a former unionist, said the panel would look at how the proposed merger would affect jobs, labour relations and food security in Africa's biggest economy.

Wal-mart is looking to buy a controlling stake in the discount retailer, a deal that would give it a big presence in South Africa and a springboard into the fast growing continent.

But Wal-Mart, which has long battled with organised labour in the United States, could see its investment sour if it fails to tame unions with close ties to government which are already gunning for the retail giant.

"Following the dialogue with Wal-Mart and Massmart, I have set up a advisory panel to identify the relevant policy issues and implications of the proposed acquisition, particularly from an economic development perspective," Patel said a written response to questions in parliament.

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South Africa powerful unions, which are in an alliance with the ruling African National Congress, are worried the Wal-Mart deal will lead to poor working conditions and job losses.

Patel said government will meet with key stakeholders, including retailers, manufacturers and trade unions.

"We will hold further discussions with the two companies, Massmart and Wal-Mart, as these processes unfold. In addition, the two companies will need to go through the necessary regulatory processes," he said.