

**Discussion on the general framework of competition law and policy design and enforcement, with its economic effects in developing countries.**

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- **What do you consider to be the overall impacts of competition law enforcement?**
  - The overall impact of competition law enforcement is the levelling of the playing field among various players in the market and the resultant enhanced consumer welfare; that exhibits itself in heightened efficiency, innovation, product choice and competitive prices.
  - e.g. Prior to 2015, Zambia had a super monopoly in the cement sector in form of Lafarge Cement, a company that exhibited a controlling hand in the production of cement, leading to sky rocketed prices averaging US\$8.5, considered to be among the highest in the region.
  - Consumer product choice was largely restricted to intra-brand varieties as external competition was almost insignificant.
  - However, an almost immediate effect of Dangote Cement entering the market was a welcome plummet of Lafarge and other competitor cement prices, which over several months of Dangote's existence reached such low levels as US\$ 5.5, so as to remain competitive with Dangote Cement.
  - In addition, within a month of Dangote entering the market with a 1.5 million metric tonne a year production capacity, Lafarge commissioned a new production plant, to be completed in 2018, that is to see a production increase of around a million metric tonnes from the current 1.2 million metric tonnes per annum.
  - The result will be increased employment, reduced prices, and most likely, improved products through innovation.
- **Do you think competition law enforcement has a positive indirect impact on growth, development, sustainability, employment or equality?**

- Yes. The discussion on cement is a clear indication of that in that the resultant development will not only be seen from the cement companies involved but the ripple effect of development, sustainability, employment and equality will be seen from such angles as retailers and other players in the construction industry who will be able to employ persons on more certain terms while contributing to sustainable development, especially that the consumer would now afford more for less, due to reduced prices.
- Another example is the case of abuse of dominance against the Zambia Forestry and Forests Corporation, in relation to which the opening up of a previously foreclosed market resulted in the creation of about 5,000 indirect jobs.

- **Do you think it is important and feasible to collect evidence of the effectiveness of competition law enforcement in your country? If so, how could it be done?**

- It is important to collect evidence of the effectiveness of competition law in Zambia, however, it may not be feasible to do so in every circumstance.
- This may be done through such means as check on pricing trends in a sector as an initial point and implementing a targeted intervention to deal with noted anti-competitive conduct. This should be followed up with a monitoring check on the number of concerns post intervention.
- It should be noted though, that this is but an example. It may not be as feasible to effectively collect information in some sectors due to information asymmetry.

- **Has your competition authority employed competition assessment or similar exercises in order to determine distortions to competition? How has this work contributed to the competitive landscape in your country and what impact do you believe they have or may have in the economy?**

- Yes, the CCPC has employed various market studies and inquiries in order to determine distortions to competition. These have largely had an overall effect of enhancing competition.

Examples include:

- i. Dairy study, which culminated in the uncovering of restrictive business practices by dominant players, currently still under investigation;

ii. Study in aviation Sector, subsequently coupled with complaints culminated in an investigation of the airport services provider in Zambia for abuse of dominance. The enterprise was found wanting by the Board of Commissioners and fined 5% of its annual turnover. The Enterprise has since appealed to the Competition

- **Institutional design and tools to make competition policy effective**
- **What are the essential elements of institutional design that you consider the most important to make competition law enforcement effective?**
  - Capacity
  - Stakeholder engagement
  - Government buy in
- **What competition policy tools have you found the most effective in promoting welfare / social development?**
  - Merger regulation (employment and safeguarding of SMEs)
  - Prohibition of cartels and restrictive business practices (opens up markets thus enhances employment opportunities, results in lowered prices)
- **Differences of approaches and effects between developed and developing countries**
- **From your experience (during crises, adjustment periods after a change in policy, co-operation with other competition authorities...), do you think the effects of competition policy and the approaches of competition authorities might be different in developed and developing countries?**
  - Yes, the different levels of development between developing and developed countries have a large bearing on what policies are put in place, as well as what approaches are to be taken so as to ensure, in particular, that the developing countries put in place competition policies which are designed to take appropriate account of their level of development in the light of their aspirations of sustained economic growth, in the long run. This is because what might constitute issues stifling business, and ultimately, economic growth in developing countries (such as dumping), might not be an issue in developed countries.