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COVID 19-RESPONSE TO INFLATED PRICES FOR HEALTHCARE AND HYGIENE PRODUCTS

Introduction

The Namibia Competition Commission (NaCC), through complaints and the general public, learned that some retailers of healthcare and hygiene products, including distributors, pharmacies and supermarkets, have artificially hiked prices for these essential products in the wake of the COVID-19 outbreak. In determining the price movements of these products, the Commission conducted an analysis of three essential products as set out below.

Price Comparison - Essential Products

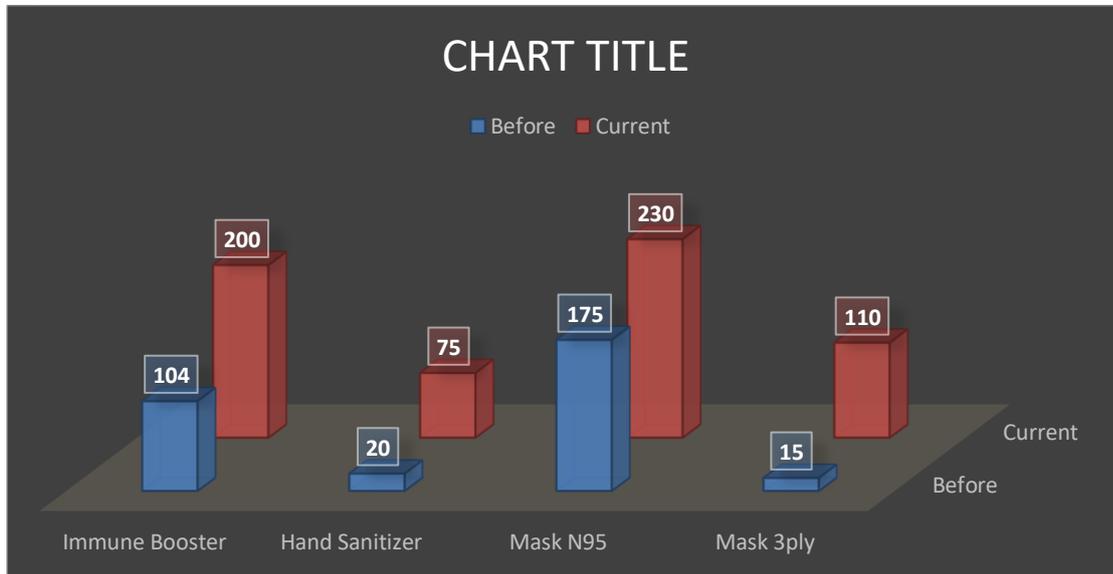
The World Health Organization (WHO) in March 2020 issued a range of guidelines to the public on basic protection measures against COVID-19. The WHO recommended the use of masks and sanitizers and encouraged individuals to maintain good health. In addition to hand sanitizers and masks, immune boosters are also considered a necessary measure against the COVID-19 outbreak. In light of the above, the following products' prices were assessed as they are currently in high demand, following the protection measures shared by the WHO:

- 🚩 *Immune boosters;*
- 🚩 *Hand sanitizers; and*
- 🚩 *Masks (N95) and (3ply).*

As can be deduced from Figure.1 below, the Commission's analysis reveals that there have been significant price increases on masks, hand sanitizers and immune boosters. Price increases range between N\$104 to N\$200 at various pharmacies for Immune boosters. For Hand sanitizers, the analysis established that on average a hand sanitizer of 100ml, before COVID-19 outbreak, would cost a consumer around N\$20. However, that price has since increased to a minimum N\$44 at most pharmacies, subject to the brand and demand at a point in time. In some instances, sanitizers of a similar size are retailing for as much as N\$75. With regards to Masks (N95 and 3ply), the Commission

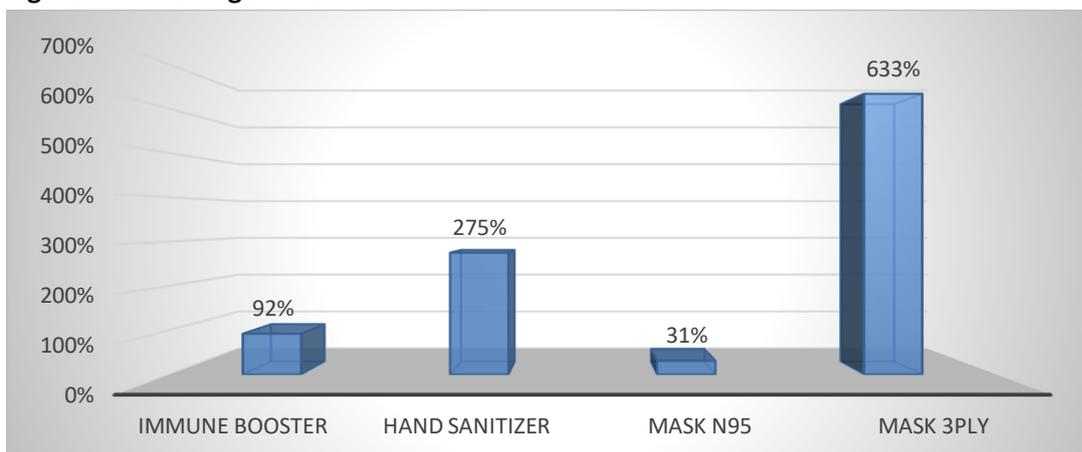
discovered that pre the COVID-19 outbreak, masks would retail for around N\$10 for a 3-ply mask and N\$100 for the N95 masks. Today, however, retailers are selling the masks at N\$75 (3ply) and N\$230 (N95).

Figure 1: Before vs Current Price



In terms of percentages, the Commission has observed that the pricing for immune boosters have almost doubled with an average of 92%, while hand sanitizers increased by almost 300% percent, 3ply face mask prices increased by 31% while N95 masks prices increased by more than 600%.

Figure 2: Percentage Increases



1. Cautionary Notice to Retailers

The Competition Act No. 2 of 2003, prohibits acts of excessive pricing and collusive behaviour through price-fixing by retailers and suppliers. Penalties for such conduct are severe and may attract a fine of 10% of turnover. All retailers of these essential products are therefore warned against exploiting consumers through artificially inflated prices. The Commission further urges consumers to, during this period of national crisis, immediately report to the Commission any unusual increase in prices by suppliers and retailers. In an effort to protect consumers from the continued price exploitation, the Commission has under its Enforcement, Exemptions & Cartels Division set up a dedicated team to ensure prioritization of complaints on all essential healthcare and hygiene products during this critical time.

2. Conclusion

The Commission has been in contact with the Ministry of Industrialization and Trade and will be working with them closely to provide consumers with the quickest and most effective protection against continued price exploitation. The Commission is further in discussion with Government to ensure that competition law enforcement does not impede necessary cooperation between businesses to deal with the current crisis and ensure security of supplies of essential products and services to the citizenry.

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