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# Competition policy is the Panacea for Namibia's Low Level of Competitiveness

Competition is defined in a market driven economy such as Namibia as the struggle among supplying firms to obtain buyers' support for their goods and services. Competition is rivalry among business entities usually in the same relevant market. Such rivalry can take many different forms; such as price, quantity levels, innovation and product range.

Competition policy is known to assist in promoting competitiveness by ensuring a proper working-market competitive process. In order to maintain their position in the market and keep rivals in check, it is only logical that Namibian firms are compelled to constantly improve, bringing in new equipment and producing products which are competitive and offering a wide range of choice for consumers.

The World Economic Forum defines competitiveness as a set of factors, policies and institutions that determine the level of productivity in a country which in turn set a nation's recognized standards of living. Firstly to be competitive a nation requires having the right institutions in place. The Namibian Competition Commission aims to fulfil that role as the market regulator to administer and fully implement the Competition Act.

The National Planning Commission (NPC) plays the crucial role of the "nation's planner" to ensure that the basis of the country's economic development rests on competitiveness, as enshrined in Vision 2030 and its national development plans. Secondly, infrastructure plays a crucial role in competitiveness especially for a country like Namibia. In many instances production of goods in Namibia may be competitive but the cost comes when getting the goods to the intended markets. Therefore, infrastructure of rail, road, airports, border gates, and information technology are key essentials towards the success of competitiveness. Thirdly, the macro-economic environment is a necessary state for competitiveness. This is really the domain of the Ministry of Finance and its statutory bodies such as the Bank of Namibia.

What breeds competitiveness is policy and regulatory consistency. Inflation rates, budgets, interest rates and exchange rates should all be consistent and should not vary greatly. Similarly, businesses should have confidence and trust that their place in the marketplace is safeguarded and that they see the Competition Commission to regulate their conduct and activities.

Under the stewardship of the Ministry of Trade and Industry, the Namibian Competition Commission fulfils the role of micro-economic stability consistent with macro-economic stability, fostered by the Ministry of Finance and its statutory bodies such as Bank of Namibia. Such public consistency of micro economic foundation fostered by the Competition Commission and macro-economic foundation fostered by Bank of Namibia is crucial for overall competitiveness. Fourthly, for every institution created in this country to be effective requires human resources.

The human element is what makes any business thrive and an economy to develop. Education and skills development ensures that the workforce finds new and better ways of doing things and also that the learning curve of any new process is minimized. This contributes to competitiveness and having trained personnel is a great advantage for the nation and its competitiveness – for the simple reason that trained skilled human resource power usually performs better than the untrained. For people to optimally contribute to economic development, they need to be healthy and educated and rightfully employed. There is regard for Namibia to attend more on what they achieved in those spheres of areas as indicators to work on in context of recent decline in ranking of the World Competitiveness Forum.

Fifthly, efficiency is key when it comes to a successful competitive environment. In competition usually companies and business compete on price. Therefore, the cost of producing a product and the cost of distributing this product to the market becomes a crucial factor in competition. Firms will usually try and beat their competitors on price and they do this by reducing the cost of production and distribution. Thus, competition encourages firms to find alternative cheaper ways of production and distribution. The Commission has a role to ensure that the market players compete with each other for them to actually enjoy the efficiencies.

When relating competitiveness to the work of the Commission on competition policy and law, it is possible for the economic actors to collude and decide not to compete. This would result in little effort by the parties to invest in research and development or even find alternative ways of reducing the cost of production or distribution.

Furthermore, this would lead to misallocation of resources. An industry which is not competing is not likely to be successful on the international market because when faced with fierce competition from competitive markets, they would not have any competitive and comparative advantage. The Commission has a role to play to stop such collusive conduct and to ensure that an industry is not highly concentrated and if it is, there is no abuse of dominant position of market power by dominant firms. Most Namibian industries and sectors are highly concentrated and therefore the threat of abuse of dominance or possibility of collusion is very real.

The role of the Commission is to ensure that dominant firms do not stifle competition and that competition thrives for the benefit of the overall economy. The Commission have the responsibility to look at objects or effects that reduce competition in the industry, sector or economy. Firms may also decide to engage in mergers and acquisitions that may alter the market structure of the industry. The Commission is at an advanced stage of introducing a whistle blowing mechanism for companies and business to pursue anti competitive and cartel conduct. The decision to merge may make the market highly concentrated, which can then easily collude or create a dominant firm which may abuse its dominance.

The role of the Commission is to ensure that the merger does not lead to substantial lessening of competition. A firm which operates in a competitive environment is usually more likely to be technologically ready than a firm in a closed environment. Together with the sectoral regulators such as the Tourism Board, Communications Regulatory Authority of Namibia, Electricity Control Board, Namibian Standards Institute, and the Anti Corruption Commission, the Commission aims to ensure that there are competitive markets in the sectors and industries in order to counter anti competitive conduct and ensure efficient market outcomes which are innovative and ready to receive any new technology, services and realized smooth entry and exit of market players.

The above shows that there is a definite role for the Commission in promoting competition and competitiveness in the Namibian economy. It is clear that competition is a critical process of competitiveness and some of the pillars mentioned above that measure it. The Commission as a market regulator has the responsibility to ensure that the competition process is free and fair and further to ensure that where markets fail, it has to intervene and where markets thrive, it has to support it. Markets in a free-market economic dispensation tend to fail and such failures may be as a result of the market structures or the market player.

So, as the Commission pursues fair competition, it in fact creates an enabling environment for factors of competitiveness to manifest themselves, leading to productivity and sustained national economic development. It is thus envisaged that with well working competitiveness markets, the economy would see lower prices, better quality goods, new product ranges and innovation in production and distribution, leading to a socio-economic and consumer welfare as defined in the Competition Act.

The Commission has held recently a Consumer Protection workshop and the recommendations obtained is for the Commission to extend its coverage in the Competition act to ensure enabling provisions on consumer protection as it relates to competitive and affordability pricing, wide variety of product choice, avoidance of misleading promotional and advertising practices, unconscionable business conduct, and well shelved Namibian products at supermarkets. The legal provisions would be derived from the National Consumer Policy Currently been worked on by the Ministry of Trade and Industry and Law Reform and Development Commission.

The Commission as a government organ and regulator has a very big role in ensuring competitiveness. The role of the Commission is to contribute towards the overarching goal of competitiveness, because the businesses that the Commission regulate are the wealth creators. Therefore, it is necessary and by design that the Commission ensures that the markets are competitive by ensuring that acts or behaviour that are anti-competitive are prohibited, and also to ensure that in carrying out their duty they do not over-regulate, thereby frustrating businesses.

Towards this end, the Commission is to gazette soon thresholds of mergers and abuse of dominance of below N$20 and N$10 million respectively to ensure that certain businesses such as the SMEs are not subjected above or below a certain threshold for them to thrive in the competition space.

In conclusion, the Commission continues to play its role to regulate businesses in a proper and facilitative fashion without compromising the mandate provided to it by the Competition Act of 2003. These have implications for the competition policy to be fine tuned to trade, investment and industrialisation policies and efforts in an economy in Namibia as spearheaded by the Ministry of Trade and Industry and towards economic transformation, as envisioned in NDP4 and Vision 2030, as driven by the National Planning Commission.

Competition policy and law therefore provides the capacity for businesses to become competitive by proper regulation of the businesses and the markets of Namibia, and ensuring that businesses do not engage in anti-competitive practices or mergers with the ultimate end goal of consumer welfare towards the broader economic development.