



MEDIA STATEMENT

LAUNCH OF CORPORATE LENIENCY PROGRAMME

1. Introduction

1.1 The Namibian Competition Commission (“the Commission”) hereby announces that it has launched a Corporate Leniency Programme (“CLP”). The CLP provides a framework in terms of which businesses that have engaged in cartel conduct can report themselves to the Commission and hand over evidence regarding cartel conduct in return for lenient treatment from the Commission. The CLP serves as an important tool in the fulfilment of the Commission’s mandate of promoting competition in the Namibian economy by investigating cartel conduct.

2. Nature of cartels and their harmful effect on consumers and the economy

2.1 Usually conducted in secrecy, cartels are agreements in terms of which businesses which are supposed to compete agree not to compete with each other. A cartel includes agreements between competitors in order to fix prices, engage in bid rigging, divide markets by allocating customers, suppliers, areas or specific types of goods or services and or limit or control production, market outlets or access, technical development or investment.

2.2 Cartels harm consumers by raising prices and restricting supply, thus making goods and services completely unavailable to some purchasers and unnecessarily expensive for others. Cartels therefore raise prices above competitive levels and reduce output. Cartels also result in a situation whereby entities which seek to procure goods and services end up paying a lot more for such goods and services than they would have if there has been a competitive bidding process. In a nutshell, cartels therefore shelter cartel participants from full exposure to market forces, thereby reducing pressure on such cartel participants to reduce costs and to innovate.

3. The importance of the CLP's in detecting cartels and benefits of CLP's for the economy

- 3.1 As indicated above, cartels are often highly secretive in nature and the detection and prosecution of cartels is often hampered by the absence of information from cartel participants in absence of a CLP. CLP's have internationally been proven as the most effective tool for the detection and prosecution of cartels. Internationally, the detection and prosecution of cartels in jurisdictions with CLP's has increased by virtue of the fact that the CLP encourages cartel members to come forward and self-report. This has led to the detection of more secretive cartels which operate without the knowledge of outsiders.
- 3.2 The Commission has on a couple occasions missed out on opportunities to uncover cartel activity as a result of informants as well as competition authorities from neighbouring jurisdictions who were hesitant to collaborate with the Commission in providing information that would have assisted to expose cartel activity.
- 3.3 The introduction of the CLP in Namibia will thus help equip the Commission to more efficiently detect and prosecute cartels. The improved detection and prosecution of cartels will assist the Commission in ensuring that consumers are provided with competitive prices and product choices. The introduction of the CLP will also assist the Commission's investigation processes by shortening the time spent on concluding cartel investigations and also assist to free up the Commission's resources for more complex investigations.

4. Concluding remarks & Way forward

- 4.1 The CLP was published in the Government *Gazette* on 12th October 2018 and comes into effect immediately. By virtue of the launch of the CLP, the Commission is currently already in the initial stages of processes that will in the near future lead to the prosecution of various cartels in the Namibian economy. The Commission furthermore urges cartel participants to make use of this opportunity and immediately remedy their participation in cartel activities by approaching the Commission through the CLP.
- 4.2 Parties seeking more information in respect of the CLP can do so by contacting the Commission's Enforcement, Exemptions & Cartels Division at +26461224622 or through the Commission's specially dedicated CLP email address: clp@nacc.com.na. A copy of the CLP is also available on the Commission's website at www.nacc.com.na.

Issued by:

**The Namibian Competition Commission
Enforcement, Exemptions & Cartels Division
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