



FOR MEDIA RELEASE

UPDATE ON CONSUMER PRICE EXPLOITATION COMPLAINTS

1. Introduction

1.1 The Namibian Competition Commission (the Commission), herewith wishes to notify the public that it has over the past 4-5 weeks received numerous complaints from the public about significant increases in prices of various products in the wake of the prevailing COVID-19 pandemic. The Commission's further price movement analysis indicates clear evidence of price exploitation, as prices increased 14% to over 1000% in respect of certain products. Below is a synopsis of the complaints received and profiled during April and May 2020.

2. Profile of complaints

2.1 The bulk of the complaints (39%) originate from the Khomas region. The Karas region accounts for 29% of the complaints. Whilst, the Erongo region accounts for 10% of the complaints, while the Erongo and Zambezi regions each account for 7% of the complaints. The rest of the regions account for the remaining 8% of the complaints. See Annexure A for a breakdown on the rest of the regions.

2.2 As illustrated in Figure 1 below, close to 40% of the complaints relate to price increases for food and basic consumer items such as fruits and vegetables, rice, maize meal, baby formula, dairy products, etc. Whilst 25% of the complaints relate to transport, construction, accommodation, furniture, household appliances and motor vehicle parts. 13% of the complaints are in respect of health and hygiene products such as immune boosters, hand sanitizers and face masks. 24% of the complaints relate to products or services which were not specified by the complainants.

Figure 1: Percentage of Price Increases



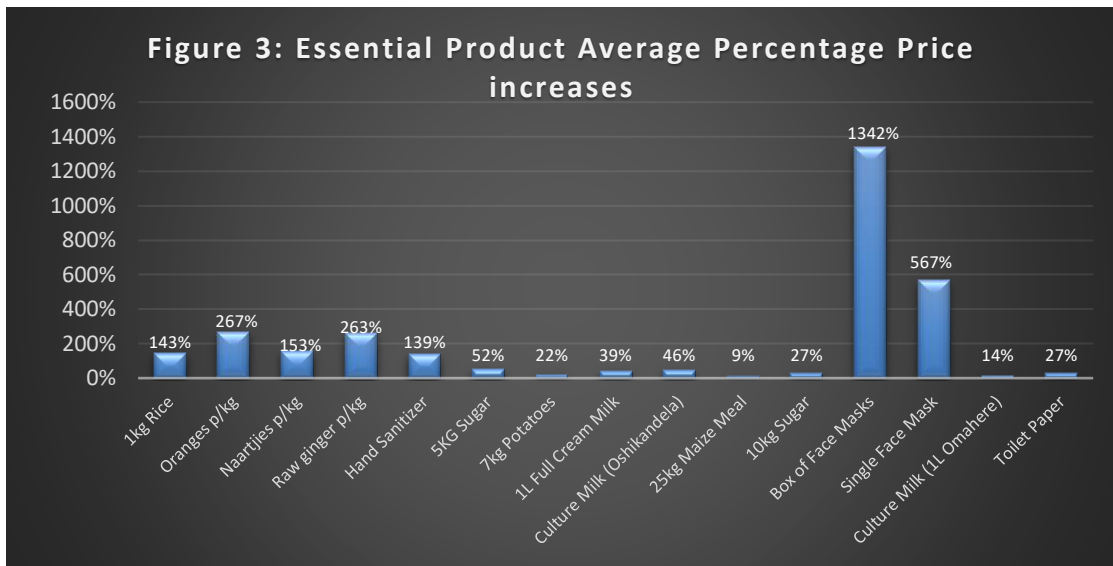
2.3 The Commission listed various products as essential in the prevailing COVID-19 outbreak. These essential products are listed in Annexure B below. It should be emphasized that complaints regarding essential products will be afforded more priority than the rest of the complaints. Of all the number of the complaints received 81% related to the essential goods category with the remaining 19% relating to non-essential products.

Figure 2: COVID-19 Essential Products vs Non-Essential Products

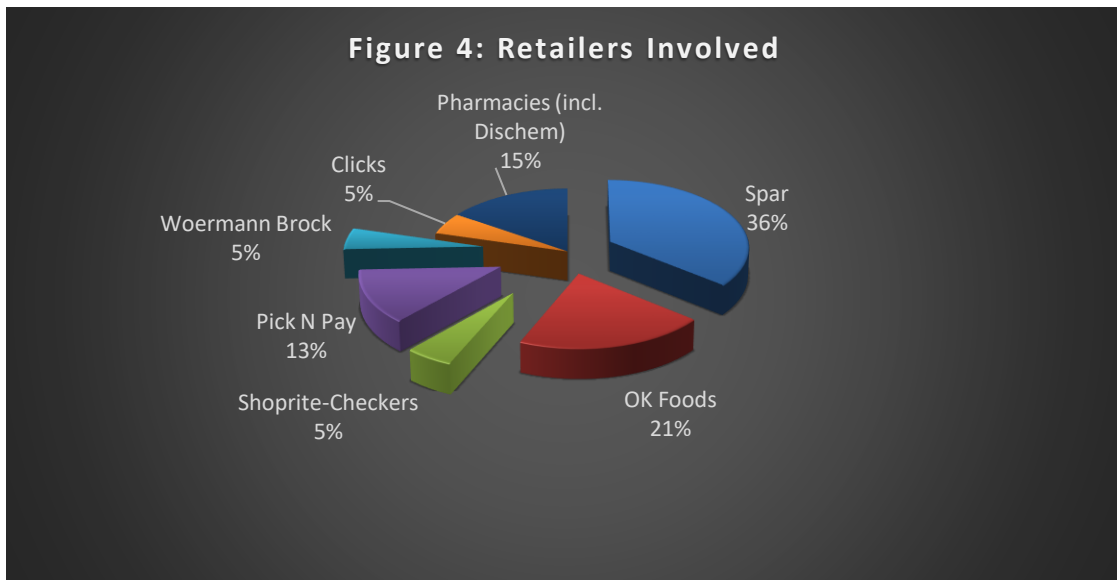


2.4 As shown by the graph below, consumers have indicated that they are now paying more for products considered to be essential. It can be observed that the price of face masks, hand sanitizers and immune boosting products such as oranges, naartjies and raw ginger

all saw huge price increases. Some of these products are unaffected by supply chain challenges and are therefore not subject to supply shortages.



2.5 Figure 4 indicates that 36% of all complaints received are against Spar Supermarkets, 21% against OK Foods Stores, 15% against pharmacies including Dischem, while 13% of the complaints are against Pick n Pay, followed by Clicks, Shoprite-Checkers and Woermann Brock which each account for 5% of the complaints.



3. Consumer protection framework

3.1 It is important to note that the Competition Commission does not possess direct consumer protection powers, however, due to the absence on an adequate consumer protection legislation framework in Namibia, remedies to the prevailing price gouging practices must be adopted under the Competition Act, where legally permissible. It is for this reason that the Commission has over the past five weeks made attempts to have price regulations published in order to complement its current powers under the Competition Act and enable quicker and more effective redress to the ongoing price exploitation complaints. Consequently, the Commission continues to work closely with relevant stakeholders such as Ministry of Industrialization & Trade, Office of the Attorney General and the Ministry of Justice in order to introduce a legal mechanism to address price exploitation during the prevailing COVID-19 outbreak. This process has unfortunately taken much longer than anticipated, but the Commission remains confident that consensus will soon be reached amongst the relevant stakeholders that will lead to the publication of the requisite price directives which are ultimately aimed at curbing price exploitation and price gouging practices.

4. Current status & Way Forward

4.1 In the interim, the Commission is currently assessing the veracity of the allegations contained in the above-mentioned complaints and is further gathering additional information in respect of all complaints. The Commission will in due time make a decision to proceed with formal investigations against those implicated with due regard to the procedure set out in the Competition Act and the envisaged price directives. The Commission cautions that receipt of complaints does not imply that the undertakings involved are guilty of price exploitation or excessive pricing under section 26 of the Competition Act. Further, at this stage no formal investigations have been initiated against any of the above-named retailers.

4.2 The Commission will revert to the public with further progress once the price directives are gazetted and/or investigations initiated against the parties implicated. In the meantime, consumers are urged to continue filing their complaints with the Commission at covid-19@nacc.com.na alternatively via whatsapp or text to +264 81377 4800.

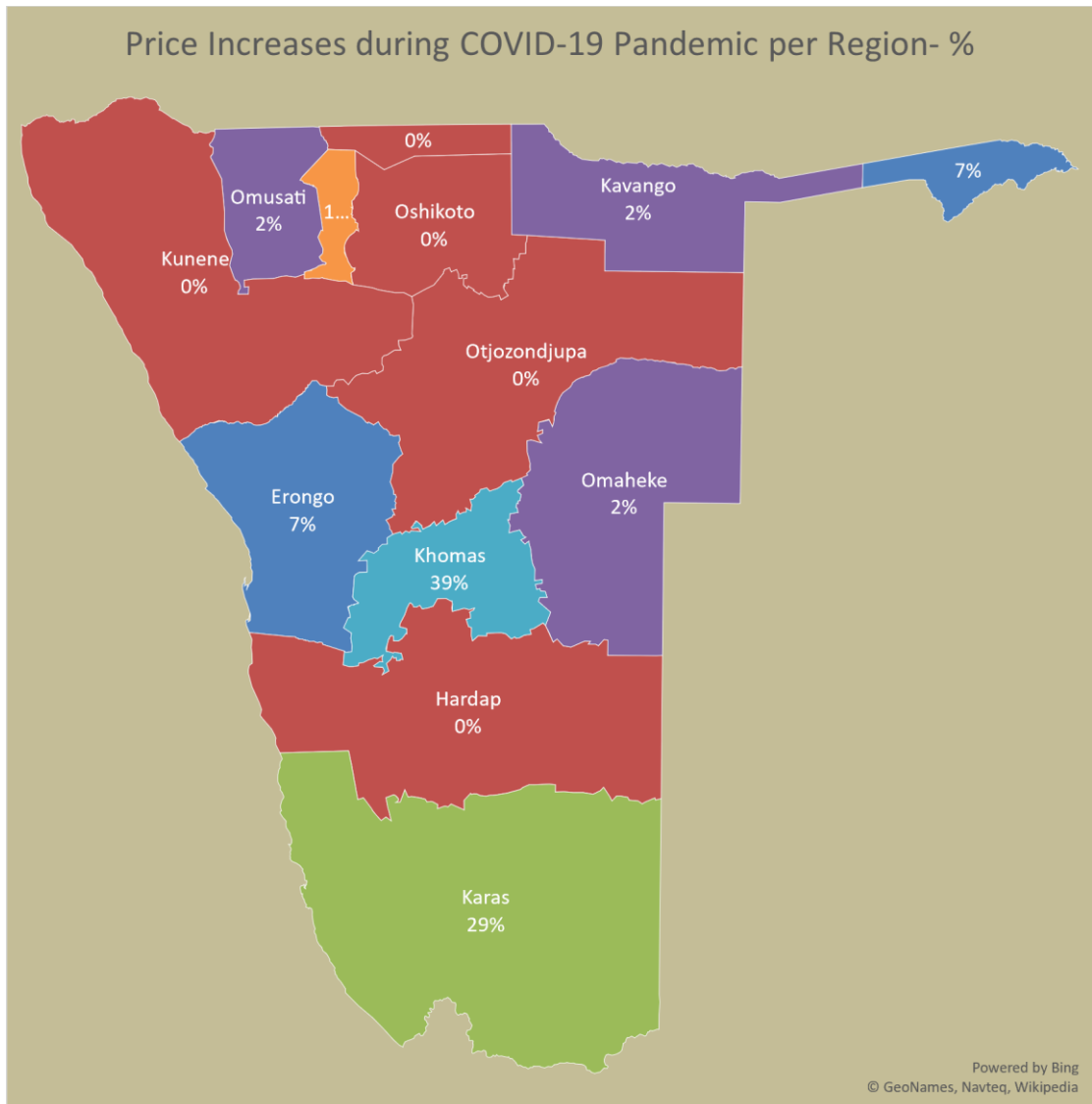
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Find us on the following social media platforms:

Twitter: @CompCo_Nam
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ANNEXURE A
COMPLAINTS MAP



ANNEXURE B
ESSENTIAL GOODS DEFINED

Essential Goods shall include;

1. Health and hygiene products

- a. Immune boosters or any other items deemed to be substitutes for immune boosters;
- b. Hand sanitizers and wipes;
- c. Disinfectant materials;
- d. Antiseptic materials;
- e. Surgical gloves;
- f. Face or surgical masks;
- g. Toilet paper and toiletry items;
- h. Nappies and baby clothing items;

2. Food and basic consumer items

- a. Bottled water;
- b. Maize meal;
- c. Rice;
- d. Pasta;
- e. Flour;
- f. Yeast;
- g. Milk;
- h. Cultures;
- i. Bread;
- j. Sugar;
- k. Tea;
- l. Coffee;
- m. Cooking oil;
- n. Canned, frozen and fresh vegetables;
- o. Fresh and dried fruits;
- p. Canned, frozen and fresh meat, chicken and fish;
- q. Baby food;

3. Any other item that may be used as a preventative measure against COVID-19; and

4. Any item used for the treatment of potential COVID-19 symptoms.