



MEDIA STATEMENT

ADVISORY NOTICE TO ALL SCHOOLS AND SCHOOL UNIFORM SUPPLIERS ON THE ADVERSE EFFECTS OF EXCLUSIVE SUPPLY AGREEMENTS

The Namibian Competition Commission (“the Commission”) has been inundated with numerous complaints from parents and some school uniform suppliers alleging possible anticompetitive practices in the supply of school uniforms to public and private schools in Namibia. The complaints specifically alleged that, there are school uniform suppliers that have entered into exclusive supply agreements with certain schools. As a consequence of these exclusive agreements, potential or new school uniform suppliers cannot enter the school uniform market to compete with suppliers benefiting from exclusive agreements. These complaints were assessed to determine whether there have been possible infringements on Chapter 3 of the Competition Act, 2003 (Act No. 2 of 2003) (“the Act”).

From the assessment conducted, the Commission established the existence of exclusive supply agreements between certain schools and school uniform suppliers. The Commission is of the view that these types of agreements may have adverse effects on competition. These agreements have the potential to prevent and lessen competition as they prevent other uniform supplying competitors from gaining access or growing in the market.

The Commission further established that this common practice that has existed for many years, places pressure on consumers (parents and guardians) to buy uniforms specifically from the schools’ preferred suppliers. This practice is said to be carried out in order to promote uniformity, reliability and the alleged ability to meet demand requirements. However, as a consequence of these types of agreements, consumer welfare is on the other hand, reduced as consumers are denied the choice of sourcing uniforms from cheaper alternatives.

The Commission is of the view that schools ought to only provide a general standard of the school items required without dictating where the parents/guardians should purchase such items from.

The Commission therefore wishes to advise involved schools and school uniform suppliers to refrain from further engaging in these exclusive supply agreements as they may be in contravention to the relevant sections of Chapter 3 of the Act and may be liable for a pecuniary penalty of up to **10%** of an undertaking's global turnover. In light of the above findings, the Commission recommends that:

- a) school uniform specifications be as generic as possible so that they may be obtained from different suppliers;
- b) schools should provide these specifications to learners/parents/guardians to enable them to make informed decisions as to where they can source the supply of their uniforms;
- c) schools to annually invite new and/or potential uniform suppliers for possible consideration as suppliers;
- d) schools are encouraged to publish in local newspapers, social media and other platforms on an annual basis, extensive lists of suppliers from where school uniforms can be sourced;
- e) schools should contract with all able school uniform suppliers following a transparent selection process in order to allow all potential suppliers to have an equal opportunity to compete;
- f) contracts entered into between schools and uniform suppliers be limited to a short period of time, preferably 3 years renewable through a new open selection process; and

Furthermore, the Commission wishes to emphasize that it will be monitoring developments in the supply of school uniforms market and therefore reserves its right to investigate any possible anti-competitive practices in future, should the need arise. Consumers are encouraged to report any observed/known exclusive uniform supply agreements in the future.

Issued by:

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