

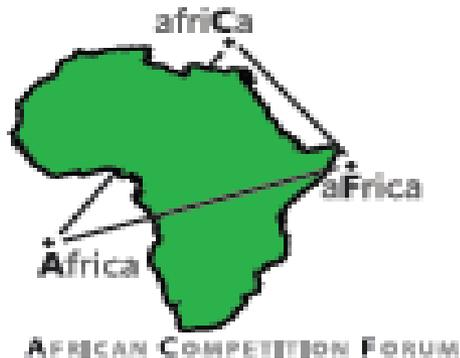
## **Boosting competition in African markets**

**Summary of the salient findings emerging**

**Liberty Mncube**

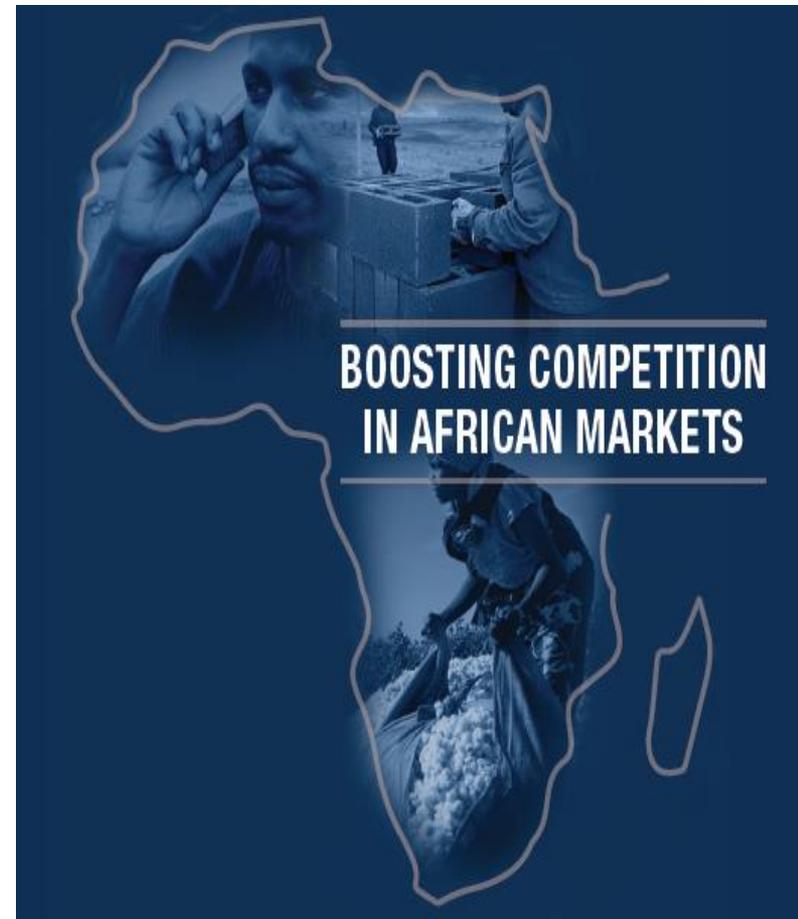
**Chief Economist  
Competition Commission South Africa**

**ICN 2016  
Singapore  
27/04/2016**



## The ACF-WBG Report

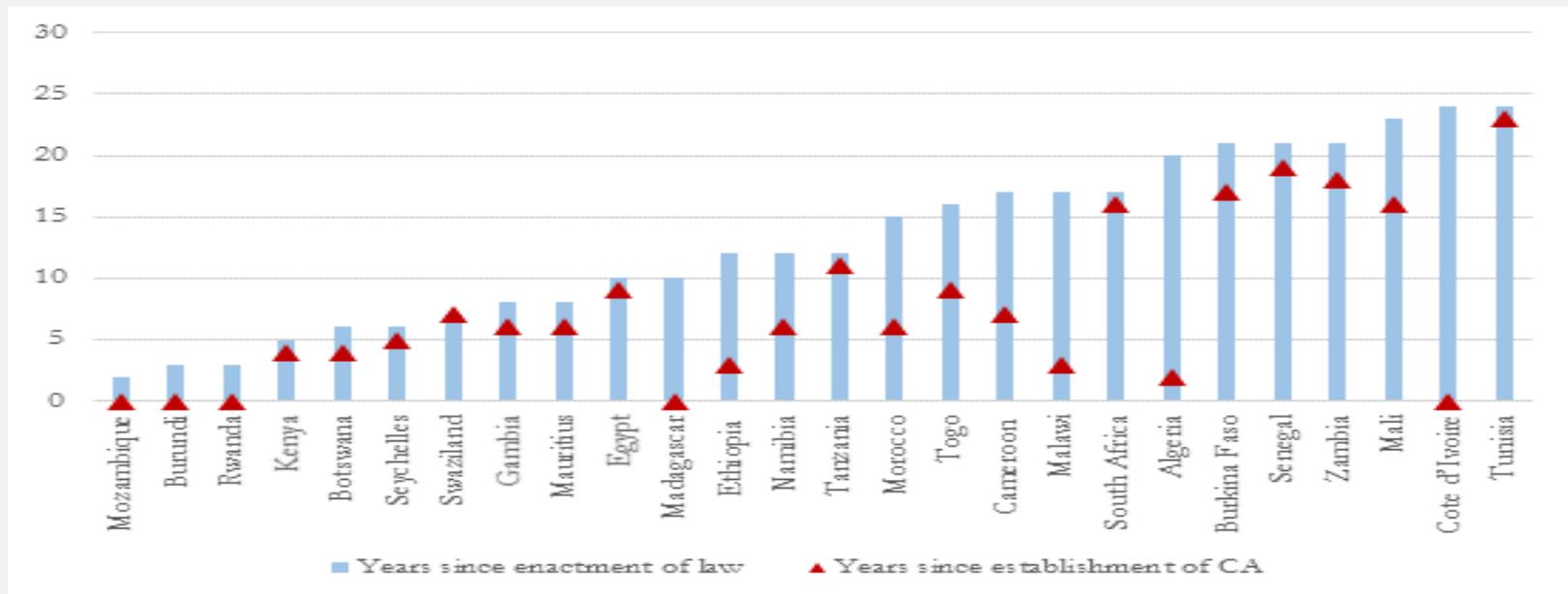
- Collaborative effort between the WBG and the ACF
- Reviews the stance of **competition frameworks** and their **implementation** in Africa
- Zooms in on 3 important sectors for Africa's competitiveness:
  - **Cement, fertilizer & telecoms**
- Information gathered partly through surveys
  - Responses from 22 jurisdictions



# Status of the competition policy framework

- Various jurisdictions in African have adopted competition laws and supported the operation of competition authorities

Years since enactment of competition law and years since the competition authority became functional (26 countries)



Source: WBG research, ACF-WBG Competition Survey

# THERE HAS BEEN IMPORTANT PROGRESS IN IMPLEMENTATION OF COMPETITION POLICY FRAMEWORK

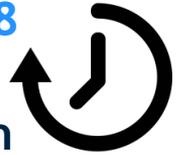
THE NUMBER OF JURISDICTIONS WITH COMPETITION LAWS HAS INCREASED

**3X IN 15 YEARS**



**25** jurisdictions now have operation competition authorities

Average **8** years of operation



**21 TECHNICAL STAFF** working on competition:



**32%** in Africa

VS



**68%**

in a sample of 34 established competition agencies around the world

**9 AUTHORITIES** with less than 10 competition technical staff



*Cartels are the most harmful anticompetitive practice but there is room to strengthen anticartel enforcement*



Fines are too low to deter cartels

E.g. In SA: fines are **9%** of excess profits vs **26%** in the EU

*The role of competition authorities in merger review has expanded*



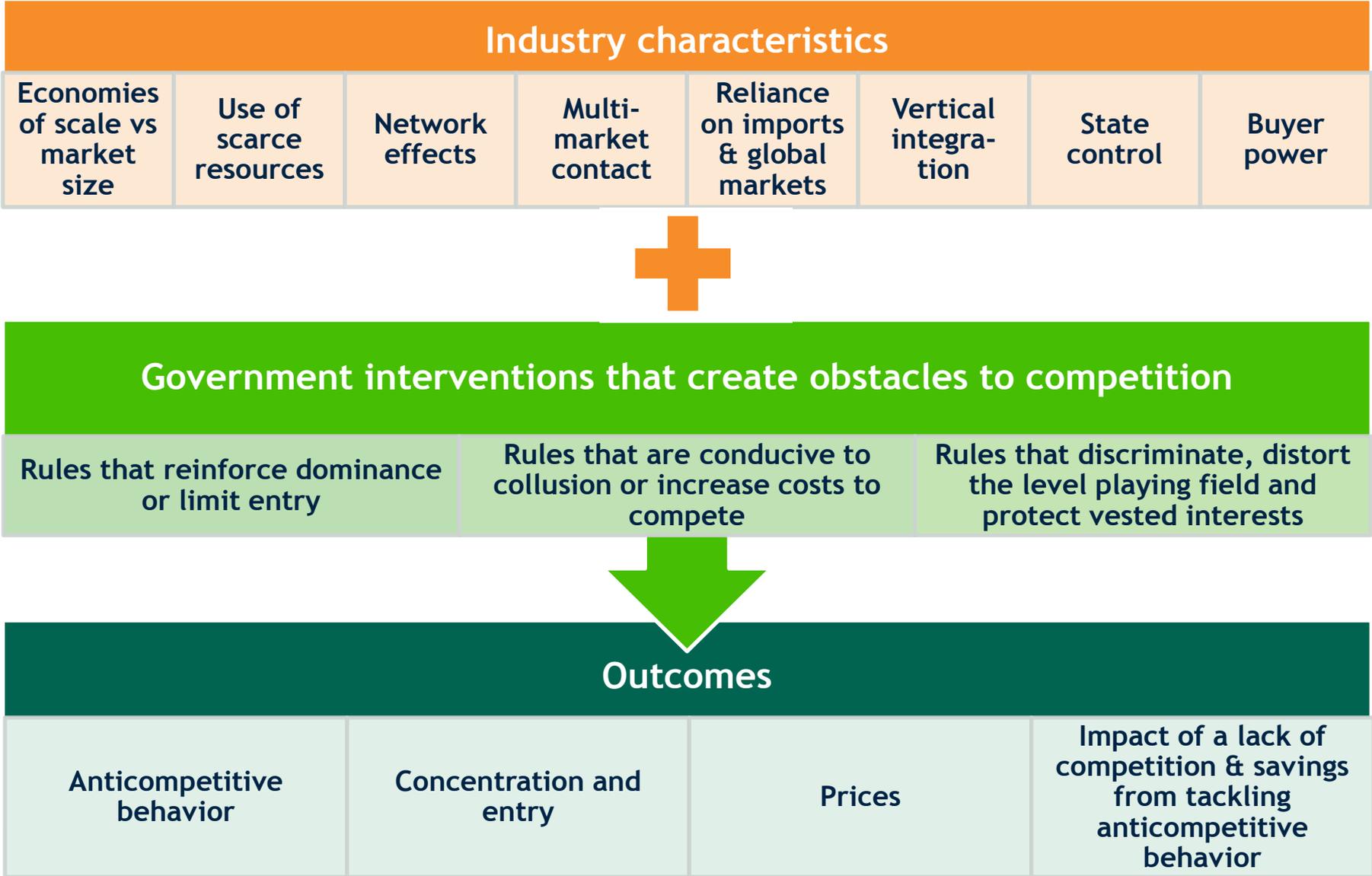
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**3.2 notifications** per staff member vs **0.8** for established authorities



**10% blocked** vs **4%** for established authorities

# BOOSTING COMPETITION IN KEY SECTORS FOR AFRICA'S GROWTH: FRAMEWORK FOR ANALYSIS



# BOOSTING COMPETITION IN KEY SECTORS FOR AFRICA'S GROWTH: HIGHLIGHTS OF FINDINGS



## Cement

**67%** of countries have one supplier that holds **over half the market**

At least **21 countries** have seen entry in the last 3 years

**15 cases investigated** by CAs in the last 3 years. **1 sanctioned**

Average retail prices are **183% higher** than world price

An overcharge of 10% would mean African consumers are **overpaying by \$2.5bn per year**

Policy issue: Mining rights, imports



## Fertilizer

**58%** of countries have one supplier that holds **over half the market**

**57%** have not seen entry in the last 3 years

Retail prices well above prices in Black Sea & Middle East

**Global export cartels** raise final prices of some fertilizer by **29%**

Savings from anticartel enforcement could be substantial. E.g. **\$21m a year from ending a cartel in Zambia**

Policy issue: imports, competitive tenders



## Telecoms

**47%** of mobile and wireless markets have one player with **over half the market**

**Monopolies** in various services - **11** international gateway & **6** wireless internet

In **88%** of countries where 2+ of the 5 largest groups are present, they **jointly control >70%** of the market

SSA: **highest prices globally** for mobile & broadband - 3% of monthly income spent on mobile

Africa: Entry of an **additional mobile operator** led to **57% increase in subscriptions**

Policy issue: spectrum, gov. infrastructure



## CLOSING REMARKS

- Benefits of competition in Africa are clearly observable
- Considerable effort required to ensure effective implementation of competition laws and policies across the continent
  - Expand anti-cartel enforcement - consider ACF network more often when investigating anticompetitive behaviour
  - Increase deterrence effect by adjusting fines in some countries?
- First step in the research to characterize competition policy and enforcement in Africa
  - ACF cross-country research on sectors of interest has begun