

Competition Policy for an Inclusive and Resilient Economy

CELEBRATING WORLD COMPETITION DAY 2021

**06
DECEMBER
2021**

**15:30-18:45 IST
11:00-14:15 CET**

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**The Role of Competition Law and Policy in Contributing to a
Faster and More Sustained Economic Recovery While Ensuring
that Competition is not Compromised**



The Covid-19 Pandemic

- The nature and spread of COVID-19 caused massive disruption to the normal flow and operations of the global economy and society at large.
- The prevalence of the pandemic caused states and governments across the world to order for the restriction of trade, global logistics, travel and operations of essential businesses and other establishments in a bid to contain the spread of the pandemic.
- Many businesses were not able to carry out their business operations, which resulted in knock-on effects on revenue, profits and consumer substitutes.
- Many economic sectors ranging from; tourism, health, finance, manufacturing, provision of fast-moving consumer goods and agriculture among others were negatively affected



Effects of the pandemic on the Zambian economy

- The pandemic had a crippling effect on economy in Zambia.
- International borders were closed, flights were grounded and some economic sectors were forced to close temporarily.
- The prevalence of the pandemic resulted in:
 - 1) Supply chain disruptions that resulted into shortages of essential goods and services
 - 2) workforce disruptions
 - 3) reducing cash flow for both individuals and businesses
 - 4) weak consumer demand for nonessential goods.
 - 5) general price increase of commodities including old stock



Government response to the pandemic

In response to the Pandemic, Government introduced the following measures to contain the pandemic:

- Closure of bars, taverns, night clubs, and restaurants among other outlets.
- Cancelled or limited attendance to social events such as weddings and funerals.
- Government instituted border restrictions and directed only trucks carrying essential items such as food, fuel, medical supplies to enter the country.
- The government provided incentives for players in some economic sectors to cushion them from the disruptions caused by the pandemic.
- Government also made a call encouraging the hard-hit tourism sector players to collaborate with a potential to create fertile ground for cartel conduct. (Despite the call for cooperation, businesses were still expected to operate within the confines of competition law principles).



Competition response as a tool to stimulate and sustain growth

- Competition and Consumer Protection Law was not suspended during the advent of the pandemic. The Commission continued ensuring the promotion of competitive markets and protecting consumers against unfair trading practices.
- The Commission offered public guidance regarding competition and consumer protection matters during the pandemic.
- Regardless still, Government interventions may have been well intentioned, but some of the measures put in place unfortunately resulted in competition concerns.

COMPETITION CONCERNS ON GOVERNMENT INTERVENTIONS

1. The closure of certain types of business (i.e. Bars and night clubs) due to their crowd pulling nature without mandating the relevant authorities to issue appropriate licenses to enable them to compete with those operating on a different model (i.e. supermarkets that sell alcohol) effectively meant foreclosing one segment of the relevant market from competing.



Way forward

1. The role of competition law and policy should be redefined based on goals, achievements, and failures in a time of deep economic crisis like one triggered by the Covid 19 pandemic.
2. In times of economic disruption, an adequate competition policy as well as its efficient enforcement is key to strike a fair balance between the need to allow certain flexibility to operators engaged in economic stability and recovery.
3. The flexibility needed in times of economic crises is for both the issue of public support to companies experiencing temporary liquidity problems as well as the mechanisms for reinforced cooperation between economic actors, including competitors.
4. State support should be based on objective criteria and, when possible, applied to all businesses in an industry to maintain a level playing field.



Thank You!

Competition and Consumer
Protection Commission – Zambia
Ms. Inonge Mulozi