EU

SECOND NATIONAL STAKEHOLDERS CONFERENCE
ON COMPETITION
"Towards a Culture of Fair Competition"

14 MARCH 2013
GABORONE, GICC

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It is a great privilege for me to be here today and to deliver the keynote address at this important Conference on Competition entitled "Towards a Culture of Fair Competition".

When I was preparing my speech, I remembered my first contact with the concept of 'competition'. That happened at my first year at university and that is – I can assure you - quite a while ago. To prepare for an exam, I had to read the book "Wealth of Nations" written in 1776 by Adam Smith, Scottish philosopher and founding father of national economy. It was only much later in my studies when I understood how important and how modern his work was, notably in the context of the Industrial Revolution of the outgoing 18th century.

The wealth of nations, specifically the increase of welfare, became the top goal two and a half centuries ago; it is the top goal today and in the future as well. Understanding Smith's works carries huge importance in fighting poverty around the world.

For Adam Smith the hypothesis of a "perfect competition market" is a concept used to define the ideal circumstances where the competition is in equal conditions.

In his assumption, on the market there are lots of buyers and sellers, the inputs and the outputs to the market are free, there are homogenous goods on the market and the market is fair and transparency. A deception in one or a few of these parameters transforms the market into imperfect competition, which is detrimental to a national economy and to the disadvantage of its consumers.

From the academic concept of a perfect competition, we now turn our eyes to reality. Markets are created and managed by human beings and human nature has a tendency to manipulate things to its personal benefit. Therefore markets are hardly ever perfect.

That is why, especially in globalised world, there is need for supervising authorities to ensure sure that the conditions of fair competition are met, to defend players on the market and – most importantly and ultimately – to protect the consumers.

Competition policy is basically about making sure that companies compete with each other on an equal footing – on the basis of their products and prices – with no unfair advantages.

It is a well known fact that fair competition encourages innovation and technical developments and thus the progression of markets. An adequate competition policy ensures that markets become and remain competitive, it produces benefits for consumers and it acts against monopolistic revenues.

Competition puts businesses under constant pressure to offer the best possible range of goods at the best possible prices. In a free market, business should be a competitive game with consumers as the beneficiaries.

Sometimes companies try to limit competition. To preserve well-functioning product markets, national and international authorities must prevent or correct anti-competitive actions.

This is exactly where the Competition Authority of Botswana comes in. The organ was set up by the Parliament to ensure fair competition in the economy.

The Authority fulfils this mandate

- by preventing any anti-competition conduct,

- by removing access barriers to the market,

- by investigating and resolving complaints,

- by advising the Government on legislation,

- by judging applications for mergers, and

- by advising the Government on all international agreements that have a competition element.

Before I speak a bit more about the remarkable quality of the work done by the staff of the Competition Authority under the efficient guidance of the Chairman, Mr Kebonang, the Chief Executive Officer, Mr Kaira, the Members of the Executive Management let me stress a very important factor.

In a globalised world, international collaboration on competition policy is vital. The world today is indeed one big market where goods, services and information move at very high speed between countries and between continents.

This is one of the reasons why cooperation on competition policy is an integral part of the European Partnership Agreement, which is currently negotiated between a group of seven countries in the region and the European Union.

I take this opportunity to commend the Government of Botswana and especially the Ministry of Trade and Industry for their highly constructive role in these complex negotiations.

We can only encourage the people in charge to continue on this positive path because Botswana has a key role in the timely conclusion of this important agreement.

I am not deviating any more and now I come back to the main subject, namely competition policy and the Competition Authority of Botswana.

I can only agree with the words in the introduction of the paper on the national competition policy. Botswana is an open economy since independence in 1966 and has consistently sought to strengthen the functioning of markets.

In the pursuit of this goal, the Government has been developing and implementing policies and programmes for promoting the development of a dynamic private sector.

One of these instruments is the Competition Authority and it does a remarkable job. Looking from the angle of an economist, I feel that especially the investigations on proposals for merger are fascinating because they often concern companies that we all know well from our daily life.

Besides the attention-grabbing case of the approved merger of Anglo American and De Beers, I was particularly attracted by the investigation on the merger between "Defy South Africa" and "Defy Botswana". This is a case where we all feel involved, because we use the household appliances produced by the company on a daily basis. The merger was approved by the Competition Authority under the condition that – I quote – "Defy Botswana would not engage in any conduct or activity that was tantamount to abusing its dominant market position since it was classified a dominant firm under the Competition Act of Botswana."

What I find personally more noteworthy is the additional statement by the Competition Authority that it would hope that, in the future, the companies involved would consider identifying products which could be manufactured or assembled in Botswana to assist in technological transfer and industrial growth. If that recommendation becomes reality, it is an evident sign of how high-quality competition policy can have a strong positive impact on the economy of a country; it can help creating employment and revenue.

Moreover, the recommendation of the Competition Authority exactly reflects the topic of this conference: Moving towards a culture of fair competition.

Before I conclude my remarks, I would like to say a few words on competition policy in the European Union, which is considered among the most proficient in the world.

The European Commission, together with the national competition authorities, directly enforces EU competition rules. Their function is to make EU markets work better, by ensuring that all companies compete equally and fairly on their merits. This benefits consumers, businesses in the EU and develops the European economy as a whole.

Within the European Commission, the Directorate-General for Competition is primarily responsible for these direct enforcement powers. It is one of the biggest Commission services with around 900 staff. It is highly respected for the quality of its investigations and it is thoroughly feared by many huge international companies.

There are, however, strict limits to its powers. The service can only intervene if it has evidence of an infringement of the competition rules and its decisions are subject to appeal before the Court of Justice of the European Union.

The Commission brings cases against companies in many different industries – often with a tangible impact on the products and services that consumers use.
Let me briefly expose how that impact looks like. Very recently, on 6 March, in an antitrust investigation the European Commission has sanctioned the US computer giant Microsoft for non-compliance with previous commitments.

The European Commission imposed a fine of 561 million Euro on Microsoft for failing to comply with its commitments to offer users a browser choice screen enabling them to easily choose their preferred web browser.

In December 2009, Microsoft committed to address competition concerns related to the tying of its web browser to its dominant operating system. Specifically, Microsoft engaged to make available for five years in the EU a so-called "choice screen" enabling users of the operating system to opt in an informed and unbiased manner for the web browser they wanted to install in addition to, or instead of, Microsoft's web browser.

When the failure to comply with the commitment was detected and documented in July 2012, the Commission opened immediately an investigation and notified Microsoft about its formal objections in October 2012.

This is the first time that the Commission had to fine a company for non-compliance with a commitments decision. In the calculation of the fine the Commission took into account the gravity and duration of the infringement, the need to ensure a deterrent effect of the fine and, as a mitigating circumstance, the fact that Microsoft has cooperated with the Commission and provided relevant information which helped in the investigation.

But the European Commission is not only targeting companies from outside the EU, or - as some inaccurately informed people say - likes to hit American companies. To prove that, let me give you another example, less recent, which involved a very big company from Germany, my country of origin.

In 1998 the European Commission fined Volkswagen, the biggest European carmaker, for around 90 million Euro because it had systematically forced authorised car dealers in Italy to refuse to sell Volkswagen and Audi cars to foreigners, mainly from Germany and Austria.

Obviously, this was done to maintain the much higher prices in Germany and Austria for the same car compared lower prices in Italy. In other words, Germans could have saved a few thousand Euros with some hours of travelling to Italy and were prevented to do so by Volkswagen. That is exactly how anti-competitive action on a single market looks like.

These examples show how important it is to create and support institutions that can supervise a market and can ensure that all actors behave responsibly, transparently and within the rules.

Let me therefore close my remarks by congratulating once gain the Competition Authority of Botswana for the excellent work it does to enhance fair competition. It helps the industry, it help consumers, it helps all of us.

Thank you for your kind attention.

Kea leboga.