



ZICA WORKSHOP MANAGING DISRUPTION THROUGH INNOVATION AND ADAPTION

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FALLS PARK MALL
LIVINGSTONE

COMPETITION AND CONSUMER PROTECTION COMMISSION

OUTLINE

- INTRODUCTION
- COMPETITION POLICY
- COMPETITION LAW
- DOES COMPETITION HAVE A PLACE IN INNOVATION AND ADAPTATION?
- CONCLUSIONS

INTRODUCTION

- IN 1889 CANADA PASSED THE FIRST ANTI COMPETITION LEGSLATION
- IN 1890 THE USA PASSED ITS LAW CALLED THE SHERMAN ACT ALSO KNOWN AS THE ANTI TRUST LAW
- WHY ANTI-TRUST
 - THE LAW WAS AIMED AT TRUSTS WHICH WERE PREVENTING THE GROWTH OF THE ECONOMY BECAUSE THEY WERE RESTRICTING TRADE AND COMPETITION
 - TRUSTS OF RICH PEOPLE WERE ONLY DEALING WITH FELLOW TRUSTS
 - NEW ENTRANTS FOUND IT DIFFICULT TO ENTER THE MARKET
- AFTER SECOND WORLD WAR IT WAS RECOGNISED THAT THERE WAS NEED FOR TRADE
- UNITED NATIONS CHARTER CITED RESTRICTIVE BUSINESS PRACTICES AS A DANGER TO TRADE?

WHAT IS COMPETITION

- COMPETITION MEANS A STRUGGLE OR CONTENTION FOR SUPERIORITY(RICHARD WHISH)
- STRIVING FOR THE CUSTOM AND BUSINESS OF PEOPLE IN THE MARKET PLACE (COMMERCIAL WORLD)
- A PROCESS OF RIVALRY BETWEEN FIRMS ... SEEK TO WIN CUSTOMERS' BUSINESS OVER TIME (COMPETITION AND MARKETS AUTHORITY)
- IS THE RIVALRY BETWEEN BUSINESS FOR INCREASED MARKET SHARE (CCPC)
- SURVIVAL OF THE FITTEST (CHARLES DARWIN)

WHAT IS COMPETITION POLICY

- COMPETITION POLICY IS A BROAD BASED CONCEPT. IT CONSISTS OF THE FOLLOWING:
 - PRIVATIZATION
 - SELL OF STATE OWNED ENTERPRISES INTO PRIVATE HANDS – BEER, SUGAR, CEMENT, BREAD, PAPER, RAIL
 - COMMERCIALIZATION
 - RUN STATE OWNED ENTERPRISES COMMERCIALY – ZESCO, ZAMTEL, MPULUNGU HARBOR, WATER
 - LIBERALIZATION
 - OPEN UP MARKETS ALLOWING IMPORTS AND EXPORTS – TARIFF REDUCTION, SPS MEASURES, NTB
 - COMPETITION LAW
 - LEGISLATION TO REGULATE HOW BUSINESS (BOTH STATE AND PRIVATE) DO BUSINESS – CCPA #24 OF 2010

WHAT IS COMPETITION LAW

- LEGISLATION PASSED BY PARLIAMENT TO REGULATE THE CONDUCT OF BUSINESS
- COMPETITION AND CONSUMER PROTECTION COMMISSION #24 OF 2010 OF THE LAWS OF ZAMBIA
- TYPICALLY SUCH A LAW WILL HAVE THE FOLLOWING PROVISIONS TO:
 - RESTRICT ANTI-COMPETITIVE BUSINESS PRACTICES (PART III – SECTIONS 8, 10, 11, 12, 13, 14)
 - RESTRICT CARTELS (PART III - SECTION 9)
 - RESTRICT ANTI-COMPETITIVE MERGERS (PART IV – SECTION 24 TO 37)
 - RESTRICT ABUSE OF DOMINANT POSITION OF MARKET POWER (PART III – SECTION 15 & 16)
 - RESTRICT UNFAIR TRADING (CONSUMER PROTECTION) (PART VII –SECTIONS 45 TO 54)

COMPETITION LAW

- TYPES OF CONDUCTS THAT CAN SUBSTANTIAL LESSENING OF COMPETITION
 - PREVENTION OF COMPETITION -PRICE FIXING, MARKET ALLOCATION
 - RESTRICTION OF COMPETITION - GOVERNMENT REGULATIONS, IPR, AGREEMENTS
 - DISTORTION OF COMPETITION – GOVT REGULATIONS, AGREEMENTS,
- ABUSES
 - EXPLOITATIVE – TARGETS THE CONSUMER (EXCESSIVE PRICE, POOR QUALITY)
 - EXCLUSIONARY – TARGETS FIRMS (WANTING TO ENTER)

WHAT DOES COMPETITION BRING

- LOWER PRICES
- HIGHER QUALITY PRODUCTS AND SERVICES
- GREATER CHOICE OF PRODUCTS AND SERVICES
- INVESTMENTS – FDI FOLLOWS MARKETS THAT ARE OPEN
- EFFICIENCIES
 - PRODUCTIVE EFFICIENCY – ALLOCATION OF FACTORS OF PRODUCTION,
 - DYNAMIC EFFICIENCY - INNOVATIONS

INNOVATION

- A NEW IDEA, DESIGN, PRODUCT, ETC.:
 - *PRODUCT INNOVATIONS LEAD TO AN INCREASE IN EFFECTIVE DEMAND WHICH ENCOURAGES AN INCREASE IN INVESTMENT AND EMPLOYMENT (CAMBRIDGE DICTIONARY)*
- **COMPETITION DEFINITION –**
 - RIVALRY, CONTENTION FOR SUPERIORITY - TO WIN CUSTOMERS, TO WIN MARKET SHARES
- DO YOU SEE HOW THE TWO CONVERGE
- COMPETITION BRINGS INNOVATION

ADAPTATION

- ADJUSTMENT
- A FORM OR STRUCTURE MODIFIED TO FIT A CHANGED ENVIRONMENT.
- THE ABILITY OF A SPECIES TO SURVIVE IN A PARTICULAR ECOLOGICAL NICHE, ESPECIALLY BECAUSE OF ALTERATIONS OF FORM OR BEHAVIOR BROUGHT ABOUT THROUGH NATURAL SELECTION.
- **COMPETITION**
- CONTENTION FOR SUPERIORITY AND RIVALRY MEANS YOU'RE ALWAYS IN A STATE OF PREPAREDNESS OR READINESS
- COMPANIES IN A COMPETITIVE ENVIRONMENT FIND IT EASIER TO ADAPT THAN FIRMS THAT FACE COMPETITION

MANAGE DISRUPTION

- STRIVE TO BE IN A COMPETITIVE ENVIRONMENT
 - INNOVATION
 - HIGHER PROFITS
 - FIRST MOVERS ADVANTAGE
 - CONSOLIDATE YOUR POSITION IN THE MARKET
 - BETTER ABLE TO HANDLE EXTERNAL SHOCKS

QUESTIONS

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