

Cartels and protectionism

There are cartels in Namibia that harm the economy.

A cartel can be described as an association with the purpose of maintaining prices at a high level and restricting competition. Cartels are associated with corruption. For example bid rigging, market division, price fixing and colluding that are all manifestations of corruption.

Cartels are harming the economy in various forms and impacts. It raises prices causing overcharging of sellers and undercharging of buyers. The long term impact of cartels is that it causes inefficiency in the economy.

Cartels deter investment as indicated by different presenters during the 2016 Annual Conference of the Namibia Competition Commission (NaCC) with the theme "Cartels and their impact on the economy". One example of the NaCC's actions is that "recently Sanlam Namibia together with the Professionals Provident Society Insurance Limited South Africa and Namibia agreed to pay a fine of N\$15 million imposed on them by the Namibian Competition Commission" (Kaira, 2016).

Various industries in Namibia are protected as infant industries, e.g. milk, wheat, bread, meat, milling, chicken, banking, pasta and information technology. The small number of competitors in each industry makes the forming of cartels possible. In the beer industry we now have at least two competitors, Namibia Breweries and Castle.

THE NACC

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policy to give the first member of a cartel that comes forward and report the existence of a cartel the opportunity not to be prosecuted. The NaCC also needs to consider adopting a whistleblowing mechanism to complement the proposed leniency policy to encourage potential whistleblowers. Such policy needs to be strengthened with monetary compensation for taking the risk of reporting cartels and all forms of corruption that falls within the mandate of the NaCC. The NaCC also needs to adopt a more aggressive approach in using some dawn raids to complement the proposed leniency policy.

Overall, deterrence needs to be applied, accompanied with high penalties, a high probability of being caught and a public awareness programme that educate the public on a continuous basis about detecting cartels and their different manifestations.

References

- Kaira, C. 2016. Leniency policy for cartels .The Namibian, 14 September.
 Namibia Competition Commission. 2016. Annual Conference, Cartels and their impact on the economy, 14 September, Windhoek.
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